

FSA
HANDBOOK

Farm Storage Facility Loan Program

For State and County Offices

SHORT REFERENCE

1-FSFL

UNITED STATES DEPARTMENT OF AGRICULTURE
Farm Service Agency
Washington, DC 20250

UNITED STATES DEPARTMENT OF AGRICULTURE

Farm Service Agency
Washington, DC 20250

Farm Storage Facility Loan Program
1-FSFL

Amendment 17

Approved by: Deputy Administrator, Farm Programs



Amendment Transmittal

A

Reasons for
Amendment

Subparagraph 11 A has been amended to provide a reference to the definition of “person” for FSFL purposes.

Subparagraphs 12 A and B have been amended to clarify that concrete pads on which FSFL commodities will be stored are **eligible** for FSFL if the loan is further secured.

Subparagraph 12 D has been amended to clarify that items ineligible for loan include disassembly of a used structure.

Subparagraph 43 B has been added to provide policy on using CCC-195.

Subparagraph 44 E has been amended to correct an FSA-431-2 item number.

Subparagraph 49 E has been amended to clarify the CCC-10 example, where if a spouse’s name is required by State law to appear on UCC documents and the spouse’s name is entered in CCC-10, item 4, the spouse shall sign CCC-10, item 9.

Subparagraphs 58 F and G have been amended to provide that loans may be called if borrowers do not maintain required insurance.

Subparagraph 150 E has been added to expand upon policy authorizing borrowers more time to pay an installment after the due date. Previous policy in subparagraph 150 D has been removed.

Subparagraph 150 F has been amended to add language about later payment of an installment to the demand letter.

Continued on the next page

Amendment Transmittal (Continued)

A

Reasons for Amendment (Continued)

Subparagraph 227 A has been amended to remove authorization to make additional disbursements when FSFL's are underdisbursed. Underdisbursements can only be corrected by canceling the loan and creating and disbursing an entirely new loan for the correct amount.

Subparagraph 347 B has been amended to provide a note about entering the payee's name in the field provided to:

- bypass direct deposit
- write joint checks
- write CCC-184's for other payees, such as contractors.

Subparagraph 361 C has been amended to provide a table to:

- guide offices on which repayment option to use
- allow installment payments made within 15 calendar days after the due date to be processed as of the due date
- minimize the creation of small installment principal balances.

Exhibit 2 has been amended to add a definition of "person" for FSFL purposes.

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Part 1 Basic Provisions

1 Overview

A

Purpose

[7 CFR 1436.1] This handbook provides the terms and conditions under which CCC may provide low cost financing for producers to build or upgrade farm storage and handling facilities.

B

Sources of Authority

Authority for the requirements in this handbook are as follows:

- 7 CFR Part 1436
 - CCC Charter Act, 15 U.S.C. 714 et seq.
-

C

Related FSA Handbooks

The following FSA handbooks concern FSFLP.

IF the area of concern is about...	THEN see...
approved abbreviations, signatures, and authorizations	1-CM.
establishing claims	58-FI.
appeals	1-APP.
repayments and deposits	3-FI.
document retention period	25-AS.
audits and investigations	9-AO.
disbursing lien search and financing statement recording fees	1-FI.
interest rates	50-FI.
prompt payment	61-FI.
IRS reporting	62-FI.
--sugar-related facility loans	forthcoming handbook.--

2 Program Information

A

Administering FSFLP

[7 CFR 1436.2] FSFLP shall be:

- administered under the general supervision of DAFP
 - carried out in the field by STC's, COC's, and FSA employees.
-

B

Restrictions

STC's and COC's, and representatives and employees thereof, do not have the authority to modify or waive any of the provisions of this handbook unless authorized to do so by DAFP.

C

STC Actions

STC shall:

- take any action required by this handbook that has not been taken by COC
 - correct, or require COC to correct, an action taken by COC that is not according to this handbook
 - require COC to withhold taking any action that is not according to this handbook.
-

D

Determinations

No provision or delegation to STC or COC shall preclude the Executive Vice President, CCC, or a designee, or the Administrator, FSA, or a designee, from:

- determining any question arising under FSFLP
 - reversing or modifying any determination made by STC or COC.
-

Continued on the next page

2 Program Information (Continued)

E

Waivers

DAFP may authorize STC's and COC's to waive or modify deadlines and other program requirements in cases where lateness or failure to meet these other requirements does not adversely affect the FSFL operation. STC's and COC's without authority to act, may prepare a request for waiver to the applicable program requirement according to Part 18.

F

Execution

The authority to approve all loan forms and documents prepared according to this handbook may be redelegated in writing:

- by COC to CED, except CCC-185 and those applications in which CED has a monetary interest
- by CED to Federal and non-Federal County Office employees, except those applications in which the person approving has a monetary interest.

Use the following table for exceptions.

IF the loan applicant is...	THEN the approval authority shall be...
a State, Federal, or non-Federal County Office employee, including CED's	*--STC or designee.--*
COC member	
DD	
STC member	
SED	
an immediate family member to any of the above	

Note: Questionable cases may be referred to the next higher authority for determination. Potential conflict of interest cases shall be handled according to 22-PM.

Continued on the next page

2 Program Information (Continued)

G

**Approved FSFL
Supplies or
Vendors**

The FSFL regulations do not provide for the creation of a list of approved FSFL equipment suppliers or vendors. Potential conflict of interest cases shall be handled according to 22-PM.

3-9 (Reserved)

Part 2 Basic Loan Making Policies

10 Loan Availability

A

Signup

[7 CFR 1436.4] County Offices shall accept CCC-185's and supporting documents:

- at any time during normal office hours
 - from producers in person * * *, not by FAX
 - at least 15 calendar days in advance of the COC meeting at which the application will be acted upon.
-

B

Where to Apply

Applications from eligible borrowers for a loan shall be submitted to the administrative County Office that maintains the applicant's farm records.

C

Documentation

Upon request, the applicant shall provide information and documents as STC or COC determines reasonably necessary to support the application. Examples are:

- financial statements
- receipted bills
- invoices
- purchase orders
- specifications
- drawings
- plats
- written authorization of access to the proposed storage site.

COC is responsible for taking appropriate action on the application.

Continued on the next page

10 Loan Availability (Continued)

D

Producer Actions Before Loan Approval

Approving committees shall not approve loans for applicants who begin any of the following actions before a loan is approved:

- site preparation, unless an environmental evaluation has been completed according to Part 4, Section 3
- foundation construction
- structure construction
- upgrading an existing facility
- installation of handling or drying equipment.

For loans that cannot be approved because of the above requirement, approving committees may:

- determine that all other producer eligibility, equipment eligibility, and collateral security requirements can be met
 - request a waiver to this requirement according to subparagraph 2 E.
-

E

Retroactive Provision

The interim rule included a provision about the time period of February 2 through May 30, 2000, during which producers could have taken purchase actions and still been allowed to apply and been considered for a loan. This provision has been removed. Effective January 18, 2001, COC's shall not approve applications for loans from producers who made purchase decisions during the retroactive period.

11 Eligible Borrowers

A

Basic Requirements

--[7 CFR 1436.5] An eligible borrower is any person, as defined in Exhibit 2,-- who, as a landowner, landlord, operator, producer, leaseholder, tenant, or sharecropper:

- has a satisfactory credit history as determined by CCC
 - has no delinquent Federal debt as defined by DCIA of 1996
 - is a producer of facility loan commodities as defined in Exhibit 2
-

11 Eligible Borrowers (Continued)

A

Basic Requirements (Continued)

- provides proof of crop insurance offered under the Federal Crop Insurance Program
- is in compliance with USDA provisions for highly erodible land and wetlands
- has a satisfactory credit history
- demonstrates the ability to repay the debt resulting from FSFLP
- has no delinquent Federal nontax debt
- demonstrates compliance with the National Environmental Policy Act at 40 CFR Parts 1500-1508
- demonstrates a need for increased storage capacity
- demonstrates compliance with any applicable local zoning, land use, and building codes for the applicable farm storage facility structures
- provides all peril insurance and, if required, flood insurance
- has not been convicted under Federal or State law of a controlled substance *--violation, according to 1-CM, Part 30.--*

B

Determining Borrowing Entity

County Offices shall:

- determine the borrowing entity from County Office records, if available
- allow borrowers who are otherwise eligible to enter into joint loans with another eligible borrower if adequate security requirements can be met
- not allow schemes to avoid the maximum loan limit.

Note: Generally, the borrowing entity will be the producer:

- of facility loan commodities that require storage at the proposed storage location
- who meets all other requirements.

Continued on the next page

11 Eligible Borrowers (Continued)**C****Storage Need Requirement**

Applicants shall demonstrate a need for storage capacity as determined by the following formula.

Step	Action	
1	Determine the borrowing entity and the applicable farm operation from sources, such as AD-1026A or CCC-502's.	
2	<p>Determine up to a 3-year average acreage for each facility loan commodity requiring storage at the proposed storage location from the producer's share of up to the 3 most recent crop year acreage reports. A reasonable 1-year acreage and yield projection may be used instead of an average for 1 of the following:</p> <ul style="list-style-type: none"> • newly acquired farms • facility loan crops being grown for the first time • cases where prevented planting or disasters adversely affect the average production •*--cases where crop rotations adversely affect the average production.--* <p>Notes: Late-filed acreage reports may be accepted for FSFLP purposes only.</p> <p>For loans for structures to store silage, consider only the average acreage harvested as silage.</p>	
3	Multiply each average acreage times the applicable crop yield as determined to be reasonable by *--COC, total the results, and multiply the result times 2. Indicate yields for each commodity using the same unit of measure.--*	
4	Deduct existing storage capacity for the applicable crops.	
5	IF result from step 4 is...	THEN...
	greater than zero	the producer is eligible for needed capacity, not to exceed the producer's proposed capacity or capacity to be upgraded.
	less than zero	notify the producer that he or she is ineligible. Provide appeal rights according to 1-APP.
	greater than zero, but greater than proposed storage capacity	see subparagraph 15 F.

D**Applicants Who Are Minors**

Applicants who are minors may be approved for a loan if:

- the minor meets all eligibility requirements
- the minor signs CCC-186
- a financially responsible adult as approved by COC, cosigns CCC-186.

12 Eligible and Ineligible Equipment

A

Eligible Storage and Handling Facilities

[7 CFR 1436.6] Loans shall only be made for purchasing and installing eligible storage facilities, permanently affixed drying or handling equipment, or remodeling existing facilities as follows:

- *--new conventional type cribs or bins designed and engineered for facility loan commodity storage having a useful life of at least 10 years
- new oxygen limiting and other upright silo-type structures designed for facility loan commodity storage having a useful life of at least 10 years
- new flat-type storage structures, including a permanent concrete floor and bulkheads, designed for and primarily used to store facility loan commodities for the term of the loan
- new electrical equipment, such as lighting, motors, and wiring, integral to the proper operation of the storage and handling equipment, excluding the installation of electrical service to the electrical meter
- new equipment to improve, maintain, or monitor the quality of stored facility loan commodities, such as cleaners, moisture testers, and heat detectors, in conjunction with a proposed storage facility
- new concrete foundations, aprons, pits, and pads, including site preparation, labor, and material, essential to the proper operation of the storage and handling equipment
- re-manufactured oxygen-limiting storage structures built to the original manufacturer's design specifications using original manufacturer's rebuild kits designed for facility loan commodity storage and having a useful life of at least 10 years
- new structures that are bunker-type, horizontal or open silo structures, with at least 2 concrete walls and a concrete floor, designed for facility loan commodity storage and having a useful life of at least 10 years--*

Continued on the next page

12 Eligible and Ineligible Equipment (Continued)

A

Eligible Storage and Handling Facilities (Continued)

- new permanently affixed handling and drying equipment determined by COC to be needed and essential to the proper functioning of a storage system (without a loan for storage structures)
- renovating existing storage according to subparagraph C without an increase in storage capacity
- safety equipment, as required by CCC, such as lighting and inside and outside ladders

Note: County Offices are not responsible for determining that equipment meets OSHA standards.

- *--concrete pads without walls on which an FSFL commodity is stored only if the loan will be further secured according to subparagraph 14 C or G.--*
-

B

Ineligible Storage and Handling Facilities

Ineligible storage and handling equipment includes the following:

- portable drying or handling equipment that is:
 - on wheels and can be moved from 1 grain drying site to another
 - not affixed or anchored to a permanent location
- structures of a temporary nature that require the weight or bulk of the commodity stored to maintain its shape, such as fence or bags, not having a useful life of 10 years

* * *

- storage structures to be used for commercial purposes as defined in Exhibit 2
 - portable or permanent weigh scales
 - structures that are not suitable for storing the facility loan commodities for which a need is determined
 - storage structures to store facility loan commodities harvested as dry hay.
-

Continued on the next page

12 Eligible and Ineligible Equipment (Continued)

C

Renovating Storage Structures

Loans may be approved for financing additions to or modifications of an existing storage facility if COC determines that:

- the modification is:
 - necessary to renovate the storage capacity of the unit
 - not for maintaining, repairing, or replacing worn out items, such as motors, fans, and wiring that do not have a useful life of 10 years
 - for new purchase items, such as:
 - replacing cement or wooden floors
 - grain kit for flat storage walls and bulkheads as needed
 - drying, aeration, or handling equipment
 - replacing any deteriorated bin walls or rings, roof panels, or other roofing material and related paid off-farm labor

•*--the applicant meets the storage need requirement.--*

Note: Storage that is deteriorated to the point where it is, in COC's opinion, no longer functional for storage purposes, will not be considered as existing

--storage capacity according to subparagraph 11 C.--

Continued on the next page

12 Eligible and Ineligible Equipment (Continued)

D

Used Structures

Loans may be approved for new components of used structures that are purchased and moved to a new location. Allowable net cost items are those such as:

- site preparation
- foundation material and off-farm paid labor
- off-farm paid construction labor to erect the used bin
- new doors, new roof panels, and new rings needing replacement.

Items ineligible for loan are those such as:

- the cost of the used structure
 - *--the cost to disassemble and move the used structure.--*
-

13 Term of Loan

A

Maximum Term

[7 CFR 1436.7] The maximum term of the loan shall be 7 years from the date of the execution of CCC-186.

B

Extensions

No extensions of the loan term are authorized.

14 Security for Loans

A

Secured by CCC-186's

[7 CFR 1436.8] All loans shall be secured by CCC-186 covering the farm storage facility. CCC-186 shall:

- grant CCC a security interest in the collateral
 - be executed as required by applicable State law.
-

Continued on the next page

14 Security for Loans (Continued)

B

Prior Liens on Real Estate

CCC's security interest in the **collateral**, such as the actual storage structure, shall constitute the sole security interest in collateral. If prior liens on the underlying real estate attach to the collateral, County Offices shall:

- unless waived by Regional OGC, obtain a severance of this lien in writing from each prior or superior lien holder and each person, including the borrower, having an interest in the real estate on which the collateral is to be located

Note: See paragraph 118 for more details.

- not allow any additional liens or encumbrances to be placed on the storage facility after the loan is approved unless CCC approves otherwise in writing.
-

C

Real Estate Lien Requirements

A lien on the real estate on which the farm storage facility will be located is *--required if any of the following apply:--*

- a loan amount exceeds \$50,000
- the aggregate outstanding loan balance * * * exceeds \$50,000
- *--COC determines as a result of financial analysis that additional security is required

For loan amounts secured by real estate, CCC's interest in the real estate shall--* be superior to all other lien holders. If the real estate is covered by a prior lien, a lien subordination may be obtained by a form approved for use in the State by the Regional Attorney.

Exception: If FSA holds a superior lien on applicable real estate through an FLP loan, a subordination is not required. However, a junior real estate lien is required.

If prior lien holders will not subordinate to CCC, COC may approve alternative forms of security, such as:

- subsequent lien position
 - first lien on different realty
 - letter of credit.
-

Continued on the next page

14 Security for Loans (Continued)

D

Form of Real Estate Lien

Real estate liens shall be in the form of a real estate mortgage, deed of trust, or other security instrument approved by CCC and according to applicable State laws.

E

Real Estate Lien Guidelines

The lien should cover an acreage, including the entire parcel of real estate underlying the collateral, that is:

- sufficient, in the approving committee's opinion, to ensure repayment of the loan
 - a salable unit in the event of foreclosure.
-

F

Land Separate From the Collateral

Real estate liens may cover an acreage of land separate from the collateral if an adequate lien on the underlying real estate is not feasible and if:

- the borrower owns the separate acreage
 - the acreage of the entire parcel is sufficient enough, in the approving committee's opinion, to ensure repayment of the loan
 - reasons why a lien on the underlying real estate was not feasible are documented.
-

G

Other Forms of Security

Other forms of security may be considered to be acceptable by the approving committee, such as:

- a letter of credit from a financial institution provided by the applicant in an amount sufficient to protect CCC's security interest in the collateral for each year of the term of the loan
 - a performance bond or similar instrument.
-

Continued on the next page

14 Security for Loans (Continued)**H****Renovated
Structures**

If an existing structure is remodeled and an addition becomes an attached, integral part of the existing storage structure, CCC's security shall include the existing storage structure.

I***--Fees for Filing
and Recording
UCC's,
Instruments, and
Other
Transactions**

Filing and recording fees shall be paid according to the following table.

IF the transaction is...	THEN the fee is paid by...
a credit report	CCC
a collateral lien search	
filing a financing statement using a UCC document	
filing a fixture filing using a UCC document	
a real estate lien search for severance agreement purposes	
termination of a financing statement using a UCC document	borrower
filing a release or discharge of a real estate lien such as a mortgage	
filing a discharge of a severance agreement	
attorney fees related to a lien on real estate used to secure FSFL	
real estate lien, deed or title search related to a lien on real estate used to secure FSFL	
recording a severance agreement	
filing and recording a subordination agreement related to a lien on real estate used to secure FSFL	
all other instrument filing and recording transactions related to a lien on real estate used to secure FSFL	

--*

14 Security for Loans (Continued)

*--J

Adequate Security and Appraisals of Real Estate

Loans are considered to be adequately secured when the value of real estate security for the loan is at least equal to the loan amount. For loans where the value of real estate and improvements offered as collateral is in doubt, approving committees may request:

- if available, an estimate of value by FSA appraisal staff
 - an appraisal to be provided by the loan applicant at their expense.--*
-

15 Loan Amount and Loan Approvals

A

Aggregate Outstanding Balance

The aggregate outstanding balance of all facility loans for each borrower signing CCC-186 may not exceed \$100,000.

B

Loan Limit

The maximum principal amount of any loan shall not exceed \$100,000 for each borrower signing CCC-186.

Note: Each borrower signing CCC-186 is jointly liable for the entire loan amount.

C

Determining Loan Amount and Number of Borrowers

The principal amount of any farm storage facility loan shall be 85 percent or less of the net cost of the applicant's needed storage or handling equipment, not to exceed \$100,000 for each borrower signing CCC-186.

The number of borrowers for loan limit purposes will be equivalent to "persons" determined for FSA program purposes on CCC-502.

Example: A partnership, recognized as such by FSA, consisting of 3 members, applies for a loan and demonstrates a need for additional grain storage. The loan may be made to the partnership, however, each member is determined to be a "person" and is willing to sign CCC-186 on behalf of the partnership. The loan limit in this case shall be \$300,000.

Continued on the next page

15 Loan Amount and Loan Approvals (Continued)

D**Net Cost**

[7 CFR 1436.9] The cost on which the loan shall be based is the net cost of the following:

- eligible facility
- accessories
- services to the applicant after discounts and rebates.

Note: STC may establish a maximum per bushel net cost.

E**Net Cost Items**

The net cost for storage and handling equipment may include the following:

- purchase price
- sales tax
- shipping charges
- delivery charges
- site preparation costs
- installation costs
- material and labor for concrete pads
- material and labor for electrical wiring and electrical motors
- off-farm paid labor
- new on-farm material approved by COC
- fees, such as attorney, archaeological study, or title insurance fees
- on-farm equipment cost not to exceed commercial rates approved by COC.

Note: The net cost shall not include secondhand material or any other item that is determined by the approving authority to be ineligible for loan.

Continued on the next page

15 Loan Amount and Loan Approvals (Continued)

F

Larger Capacity Than Needed

When a storage structure has a larger capacity than the applicant's needed capacity, the net cost shall be prorated and the maximum loan amount computed as follows.

Step	Action
1	Divide the eligible net cost by the bushels of capacity.
2	Multiply the per bushel cost times the bushels of capacity for which the applicant is eligible.
3	Multiply the result times .85.

***--Example:** Applicant proposes to build a 60,000 bushel storage bin. Net cost is \$75,000. Eligible storage need is 50,000 bushels. Net cost per bushel is \$1.25 (\$75,000 divided by 60,000 bushels). Eligible net cost is \$62,500 (\$1.25 times 50,000 bushels). Maximum loan amount is \$53,125 (\$62,500 times .85).--*

G

Ineligible Space in a Flat Storage Structure

When a flat storage structure has space that is not used primarily for grain storage, such as office space, compute the maximum loan amount as follows.

Step	Action
1	Determine a factor for eligible space by dividing the square footage that is primarily used for grain storage by total square footage of the building.
2	Determine the total net cost of the building.
3	Multiply the result from step 2 times .85 and multiply that result times the factor from step 1.

Example: Applicant proposes to build a 75,000 square foot flat storage building. Net cost is \$75,000. Eligible storage space is 74,000 square feet. Factor for eligible space is .99 (74,000/75,000). The maximum loan amount is \$63,112.50 (\$75,000 times .85 times .99).

H

Approvals

STC may:

- approve applications up to the maximum approval amount
- establish limits for COC approval authority
- establish a maximum per bushel limit for net cost.

Continued on the next page

15 Loan Amount and Loan Approvals (Continued)

I

Approval Expiration

Loan approvals expire 4 months after the approval date, unless extended in writing for up to an additional 4 months by STC.

Note: See paragraph 123 for further details.

J

STC Concurrence

STC or its representative shall:

- concur before disbursement with the first 5 applications filed and approved each FY at an administrative County Office regardless of the amounts requested

* * *

- document concurrence in the loan folder
 - initiate corrective action where necessary.
-

16 Downpayment

A

Minimum Downpayment

[7 CFR 1436.10] A minimum downpayment shall be:

- the difference between the net cost of the storage facility and the amount of the loan determined by paragraph 15
 - made by the loan applicant to the supplier or contractor before the loan is disbursed.
-

B

Allowances

The downpayment must be in cash. The cash may be the result of a loan. County Offices shall ensure that downpayments obtained from loans are accounted for when determining the borrower's capability of repaying a loan.

Continued on the next page

16 Downpayment (Continued)

C

Exclusions

The downpayment shall not include any of the following:

- discount
 - rebate
 - credit
 - deferred payment
 - post-dated check
 - promissory note to the supplier or contractor
 - trade-in value.
-

17 Disbursement

A

Inspection and Approval

[7 CFR 1436.11] CCC shall disburse the loan when the farm storage facility has been:

- delivered
 - constructed
 - assembled
 - installed
 - inspected and approved by a COC representative
 - determined to be free of liens other than CCC's by a final lien search.
-

B

Evidence of Total Cost

Disbursement will be made only if the borrower provides satisfactory evidence of the following:

- total cost of the facility
 - payment of all debts on the facility in excess of the amount of the loan
 - required downpayment.
-

C

Joint Disbursement

Disbursements shall be made jointly to the borrower and the contractor or supplier.

Exception: Disbursement may be made to the borrower if the County Office determines the borrower has paid the contractor or supplier all amounts that are due and owing with respect to the facility.

18 Interest Rate

**A
Rate**

[7 CFR 1436.12] The interest rate for a loan shall be:

- the rate equivalent to Treasury securities of a comparable term in effect during the month of the loan approval
 - in effect for the term of the loan.
-

**B
Monthly
Announcements**

The interest rate will be announced each month by CCC.

19 Application Fee

**A
County Office
Action**

County Offices shall:

- charge the loan applicant a nonrefundable application fee of \$45
- collect the fee at time of application.

* * *

20-29 (Reserved)

Part 3 Publicizing FSFLP**30 Publicity Requirements**

A**State Office Action**

State Offices shall publicize, at least twice per calendar year, the availability of FSFLP by:

- providing press releases and fact sheets to regional news media within the State
 - informing regional farm storage facility distributors about the basic provisions of FSFLP
 - informing regional banks and other farm lending institutions about the basic provisions of FSFLP
 - providing basic program provisions on the State Internet website, if available.
-

B**County Office
Action**

County Offices shall publicize, at least twice per calendar year, preferably well in advance of the storage season for applicable crops, the availability of FSFLP by:

- providing basic program provisions in:
 - periodic newsletters
 - press releases
 - radio announcements
 - the County Office Internet website, if available
 - informing local farm storage facility distributors about the availability of FSFLP
 - informing local banks and other farm lending institutions about the availability of FSFLP.
-

--31 Internet Websites--

A

**Address for PSD
Website**

PSD shall provide FSFLP fact sheets and applicable forms at the PSD Internet website. The address is <http://www.fsa.usda.gov/dafp/psd/template/fsfl.html>.

***--B**

Forms Website

Forms are available for employees at
<http://intranet.fsa.usda.gov/dam/ffasforms/forms.html>.

32-41 (Reserved)

Part 4 Accepting and Preparing Applications**Section 1 Applications and Supporting Information****42 Applications**

A**Initial Contact**

When producers inquire or wish to apply for loans, County Offices shall explain the following requirements and provisions.

Topic	Reference
producer eligibility	paragraph 11
storage need	subparagraph 11 C
eligible storage facility types	paragraph 12
environmental evaluation and assessment	Part 4, Section 3
loan funding availability	subparagraph 115 A
security types and filing	paragraph 14
crop insurance, all peril structural insurance, and flood insurance	paragraph 58
interest rate	paragraph 18
maximum loan amount	paragraph 15
downpayment	paragraph 16
repayments	paragraph 150
compliance with local land use law	paragraph 59

Continued on the next page

42 Applications (Continued)

B

Obtaining Forms and Filing Applications

Applicants:

- may obtain CCC-185 and other forms from the PSD website to prepare applications
 - must handcarry the application package to the County Office for discussion and submission
 - shall not FAX signed applications.
-

C

Accepting Applications

County Offices shall:

- ensure that all of the following forms are complete before accepting and processing the application:
 - *--CCC-185
 - supporting documents--*
 - * * *
 - collect the application fee before accepting the application
 - for accepted applications missing information, notify the applicant in writing granting 15 workdays to provide missing information. If no response, refer the application to COC for disapproval. Provide the appeal rights.
-

D

Preparing CCC-185

County Offices shall prepare:

- manual CCC-185 for producer's signature and for data entry purposes unless sufficient information is available to prepare CCC-185 in APSS
 - CCC-185 in APSS as soon as the producer has provided sufficient information.
-

Continued on the next page

42 Applications (Continued)

E

**Instructions for
Preparing the
Manual
CCC-185**

Prepare the manual CCC-185 according to the following instructions.

Item	Instructions
1A	Enter State code.
1B	Enter county code.
1C	Leave blank until a number is assigned by APSS, unless this will be a manual CCC-185, because software is not available. Manual application numbers consist of a 4-digit FY, followed by a forward slash, followed by a 97000 series beginning with 97001.
2A	Enter exact name and exact address of the loan applicant.
2B	Enter identification number applicable to name or entity applying.
2C	Enter telephone number of the applicant.
3	Enter amount requested for the loan based on accurate estimates of net costs of eligible materials. The amount should equal the lesser of net cost times 85 percent or net cost minus the downpayment. Attach an itemized list showing cost breakdown of storage, drying or handling items, and materials and labor for installation.
4	Explain the purpose of the loan. Example: To purchase and construct a 50,000 bushel grain storage bin with aeration floor and grain spreader.
5A	Enter all FSN's where eligible facility commodities are produced and require storage at the proposed storage location. It may be necessary to enter more than one FSN on a line for each commodity. Note: See subparagraph 11 C for policy on determining storage need.
5B	Enter facility loan commodities that are produced on the farm. If a facility loan commodity will be grown for the first time, it may be entered.
5C	Enter up to a 3-year average acreage calculated from the 3 most recent acreage reports. Use whatever year is available if 3 years of data is not available. If a facility loan commodity is being planted for the first time, or a farm is newly acquired but crops are yet to be planted, enter a reasonable projected acreage. If the storage need is for silage, enter the acreage harvested as silage.
5D	Enter a yield per acre that is determined to be reasonable by COC for each facility loan commodity. *--Indicate yields for each commodity using the same unit of measure.--*

Continued on the next page

42 Applications (Continued)

E
Instructions for
Preparing the
Manual CCC-185
(Continued)

Item	Instructions
5E	Leave blank until application is entered into APSS, or multiply item 5C times item 5D for each facility loan commodity on each farm listed.
5F	Total the amounts in item 5E.
5G	Multiply item 5F times 2.
5H	Enter applicable existing storage that is used for the commodities to be stored. Example: Storage is proposed for wheat and dry shelled corn. Do not consider existing capacity for ear corn, corn silage, or high moisture corn.
5I	Subtract item 5H from item 5G. Result is additional capacity needed.
5J	Enter the capacity of the proposed structure.
5K	Enter the result of item 5I minus item 5J. If the result is negative, follow subparagraph 15 F to prorate net cost. If the result is zero or positive, no further action is required.
6	Check whether the facility has been purchased or will be purchased. Obtain copies of all invoices and contracts if facility has been purchased.
7	Enter from whom the facility equipment will be or was purchased.
8	Check whether property was erected or will be erected.
9	Enter who will construct the facility equipment.
10	Enter date property was or will be delivered to the proposed site.
11	*--Enter a description for the site where the property will be erected to be used on financing statements.--*
12A	Enter the name of the owner of the real estate if other than the applicant.
12B	Enter any applicable real estate lien information. If there are no lien holders, enter "none". Obtain applicant's initials and date.
--13	Applicant certifies for DCIA compliance by checking "yes" or "no".--
13A & B	Signature of applicant and date signed.
13C & D	Signature of co-applicant and date signed.

42 Applications (Continued)

F

Loan Folders

County Offices shall:

- prepare a separate 6-position or similar folder for each CCC-185
- file all applicable documents in the folder
- *--safeguard the original CCC-186 and security documents in a custody file--*
- according to 25-AS.

G

Example of
Manual CCC-185

Following is an example of a manual CCC-185.

REPRODUCE LOCALLY. Include form number and date on all reproductions.				Form Approved - OMB No. 0560-0204	
CCC-185 (07-06-00)		U.S. DEPARTMENT OF AGRICULTURE Commodity Credit Corporation		FOR COUNTY USE ONLY	
LOAN APPLICATION AND APPROVAL FOR FARM STORAGE AND DRYING EQUIPMENT LOAN PROGRAM <i>Privacy Act and Public Burden Statements on Reverse</i>				1. LOAN IDENTIFICATION NUMBER	
2A. Name and Address of Loan Applicant Clark Farms Inc. 282 State Route 245 Penn Yan, NY 14527		A. State Code 36		B. County Code 123	
		C. Loan No. 2000/97001			
		2B. Tax Identification Number 16 189420			
		2C. Telephone Number (315) 536-8989			
		3. Requested Loan Amount \$ 29,256.00			
4. Purpose of Loan (For example, loan to purchase, construct, erect, install or remodel the farm storage facility.) Construct 3- 15,000 bushel (28' diam by 10 rings) grain storage bins with grain spreader and motor, inside and outside ladders, perforated floor with aeration system and motor, installed on concrete foundations, to store corn and soybeans. See attached list.					
5. Facility Equipment described in Item 4 needed for the storage, drying, or handling of the estimated production of the listed commodities on the farm.					
A. Farm Number	B. Commodities	C. Acres	D. Yield Per Acre	E. Total Production for Each Commodity (Item 5C x Item 5D = Item 5E)	
999, 1652	CORN	400 X	100 =	40,000	
452, 888	SOYBEANS	400 X	40 =	16,000	
		X	=		
		X	=		
		X	=		
		X	=		
		X	=		
F. Total Production from item 5E. >				56,000	
G. Total Estimated Production Times 2 (Item 5F times 2). >				112,000	
H. Existing Capacity >				8500	
I. Additional Capacity Needed >				103,500	
J. Capacity of Proposed Storage Structure Described in Item 4. >				45,000	
K. Eligibility and Proration Indicator (Item 5I minus Item 5J) >				58,500	
6. Date Facility Equipment Purchased or Tentative Purchase Date 07/01/00		7. Name of Company Where Facility Equipment Was Purchased Acme Grain Systems Company			
8. Date Facility Equipment Erected or Installed Or Tentative Date to Erect or Install 08/01/00		9. Name of Company That Erected or Installed the Facility Equipment Acme Grain Systems Company			
10. Date Facility Equipment Was/Will Be Delivered to the Farm 07/25/00		11. Location of Real Estate on Which Facility Equipment Was/Will Be Erected or Installed 11 miles west of Penn Yan, New York on State Route 245			
12A. Name of Owner of Real Estate in Item 11 (If Other than Applicant) Richard Clark		12B. Lien Information (Name of Person Having a Lien or Interest in The Real Estate.) Federal Land Bank of Springfield			
13. APPLICANT'S CERTIFICATION:					
The Applicant certifies that the statements made on this application are true, complete and correct to the best of the applicant's knowledge and belief, and made in good faith to obtain a loan. Section 1001 of Title 18, United States Code provides for criminal penalties to those who provide false statements on loan applications.					
Are you or any co-applicant delinquent on any federal non tax debt? (If YES, provide details in the remarks) <input type="checkbox"/> YES <input checked="" type="checkbox"/> NO					
A. Signature of Applicant /s/ Richard Clark, President		B. Date of Application 05/15/00			
C. Signature of Co-applicant		D. Date of Application			

43 Processing an Application

A

County Office Action

County Offices shall process an application as follows.

Step	Action
1	Collect the \$45 application fee and accept a complete application.
2	Conduct a lien search when there is a sufficient description of equipment, and file financing statement on the collateral.
3	For loans where a real estate lien is required, inform the applicant that he or she must obtain a CCC-approved attorney or a title company for title clearance. The attorney or a title company should perform all lien searches. For loans where a real estate lien is not required, County Offices shall conduct a real estate lien search to identify holders of liens on real estate underlying the intended storage facility to determine whether severance agreements must be obtained.
4	Determine the storage need for increased storage capacity based upon existing storage availability and cropping history.
5	Obtain and analyze a credit history report.
6	Complete a financial analysis to verify applicant has financial ability to provide downpayment and to pay future installments.
7	Obtain CCC-190 for waivers of prior liens on collateral such as the storage structure, if applicable.
8	Obtain CCC-297 from holders of liens on real estate underlying the intended storage facility, including the borrower.
9	Verify that aggregate outstanding FSFLP balance for each borrower is less than or equal to \$100,000.
10	Verify compliance with DCIA of 1996.
11	Complete FSA-850. Verify whether the site is located in a flood hazard area and if flood insurance is necessary, complete FEMA 81-93.
12	Verify compliance with National Historic Preservation Act.
13	Obtain proof of crop insurance.
14	Verify compliance with HEL and WC provisions.
15	Verify compliance with local land-use laws.
16	Verify that applicant has not been convicted of growing controlled substances.

Continued on the next page

43 Processing an Application (Continued)

--B*Using CCC-195**

CCC-195 was compiled to help State and County Offices avoid the types of errors that have been found by COR reviews.

State Offices shall:

- as necessary, modify the national checklist for State use by using the blank lines provided on CCC-195
- e-mail State checklists that differ from the national checklist to **chris_kyer@wdc.usda.gov**
- issue CCC-195 to County Offices.

County Offices shall:

- prepare CCC-195 received from the State Office for each FSFL that was not disbursed as of the date of receipt of CCC-195
 - maintain CCC-195 in each FSFL folder
 - check the appropriate box for each item as it is performed
 - check the appropriate box for items that are not applicable.--*
-

44 Financial Planning

A

Obtaining Balance Sheets and Cash Flow Statements

County Offices shall prepare or obtain FSA-431-2 or a similar acceptable plan prepared by either the borrower or a financial institution within the last 90 calendar days from the applicant to determine:

- that the applicant has the financial ability to make the downpayment
 - that the applicant has the financial ability to timely repay the loan
 - whether COC should approve or disapprove the loan
 - the level of collateral security needed.
-

B

Acceptable Balance Sheets and Cash Flow Statements

County Offices shall use 1 of the following to make the determinations in subparagraph A:

- FSA-431-2.pdf available at the FSA website “<http://www.fsa.usda.gov>”
- FSA-431-2 IBM System 36 software
- FSA-431-2 PC
- a balance sheet and cash flow statement approved for use in the State
- a balance sheet and cash flow statement that provides all the information necessary to make the determinations in subparagraph A.

Note: Existing plans used for FLP may be used, but must be revised to plan for FSFLP debt. FLP staff must be consulted before any revisions to existing plans take place.

*--C

Situation Where a Cash Flow Statement Is Not Necessary

Employees performing financial analysis may waive analysis of cash flow and accept only a balance sheet meeting the requirements of subparagraphs A and B from FSFL applicants when all of the following conditions apply:

- the loan amount will be \$10,000 or less
 - review of the balance sheet indicates that the applicant has:
 - enough funds for the required FSFL downpayment
 - sufficient probable cash flow to pay the required FSFL installments.--*
-

Continued on the next page

44 Financial Planning (Continued)

D**Planning for
Downpayment**

County Offices shall prepare or obtain a plan for the applicant's current FY:

- using actual expenses, if available
 - showing enough cash available to make the required downpayment.
-

E**Planning for
Future
Installments
Using FSA-431-2**

If FSA-431-2 is used, County Offices shall prepare a projected plan:

- for the applicant's FY in which the first loan installment is due
 - showing the total cost of the storage facility in FSA-431-2, Table H, "Planned Expenses" column
 - showing the approximate amount of the loan in FSA-431-2, Table H, "FSA Credit Needed" column
 - showing the projected installment amount for the loan in FSA-431-2, Table K
 - *--showing an amount available in FSA-431-2, Table J, item 16 equal to or--* exceeding the total amount due in Table K.
-

F**Obtaining
Verification of
Debts and Assets**

County Offices shall:

- verify debts and assets only when debt and asset information provided by the applicant is determined to be incorrect
 - if applicable, prepare FSA-440-32 for each applicant creditor according to the instructions on FSA-440-32.
-

45 (Reserved)

46 Credit History and Federal Delinquent Debt Reports

A

Obtaining Credit Reports

State or County Offices shall:

- *--request credit reports from credit reporting agencies paid for with CCC funds--*

* * *

- obtain a current report of the applicant's credit history
 - not collect the cost of the report from the applicant
 - pay for reports with CCC-184 using program code XXFSFLRF where "XX" is the last 2 digits of FY.
-

B

Analyzing Credit History Reports

County Offices shall:

- analyze credit reports to detect:
 - patterns of late payments or nonpayments
 - bankruptcy and foreclosures
 - heavy use of short-term or high-interest loans or credit cards
 - use pertinent information from the financial statements and credit history reports to prepare recommendations to COC.
-

C

Delinquent Federal Debt Reports

County Offices shall:

- identify producers who are delinquent on Federal debts according to DCIA of 1996
 - require FSFL applicants to certify to DCIA compliance on CCC-185
 - not approve FSFL loans for delinquent Federal debtors, except if they may become nondelinquent before the loan is disbursed.
-

Continued on the next page

46 Credit History and Federal Delinquent Debt Reports (Continued)

C

Delinquent Federal Debt Reports (Continued)

For borrowers that are entities, such as corporations and partnerships, and a member of this entity is determined to be delinquent, County Offices shall:

- not determine that the borrowing entity is ineligible for FSFL
 - offset the delinquent member's pro rata share of the loan if the member is delinquent at the time the loan is to be disbursed
 - apply the offset amount to the delinquent debt.
-

47 Obtaining and Filing UCC Financing Statements

A

County Office Action

County Offices shall:

- *-if applicable according to State law, obtain the applicant's signature on the applicable manual UCC form at the time of application and before the farm storage equipment is delivered to the farm
 - prepare manual or electronic UCC forms according to State law as soon as an adequate description of the collateral is available using data from a current CCC-10 prepared according to paragraph 49
 - perform a lien search or pay for lien searches to determine that no other liens are filed on the collateral
 - document the lien search on FSA-440-13 or similar form
 - obtain lien waivers on CCC-190 if other liens are found on the collateral
 - file UCC forms according to State law before, or as soon as possible after, the equipment is delivered to the proposed location--*
 - pay filing or recording fees
 - file UCC continuation forms **before** original UCC forms expire.
-

48 Federal Judgement Liens

A

Background

U.S.C. Title 28, Section 3201, enacted in 1999, provides that a debtor with a judgement lien against the debtor's property as a result of debt to the United States shall not be eligible to receive any grant or loan which is made by the Federal Government until the judgement is paid in full or otherwise satisfied.

B

Outstanding Federal Judgement Liens

The FSFL applicant and anyone who will sign CCC-186 shall not have any outstanding unpaid judgements liens obtained by the United States in any court.

Exception: Such judgements do not include those filed as a result of action in the United States Tax Courts.

C

County Office Action

County Offices shall:

- perform searches of recorded judgement dockets and applicable real estate records to identify applicants who may have outstanding Federal judgement liens
 - not approve FSFL applications for applicants who have unresolved Federal judgement liens filed against them
 - continue loan processing if applicants prove they have satisfied Federal judgement liens
 - not use FSFL proceeds to pay Federal judgement liens.
-

***--49 Completing CCC-10**

A**Applicability**

Producers applying for FSFL loans at USDA Service Centers are required to provide specific information on CCC-10. CCC-10 will:

- serve as CCC or FSA's notice of intent to perfect its security interest
 - identify the debtor's exact full legal name, and if the debtor is an entity, the type and location of the entity
 - identify the jurisdiction in which CCC will conduct lien searches
 - authorize CCC to file financing statements before executing a security agreement.
-

B**Obtaining
Authorization**

County Offices shall:

- if a current CCC-10 is not already filed, obtain a signed CCC-10
 - be sure producers understand that:
 - applicable collateral for loans is not described on CCC-10
 - CCC-10 remains in effect until the producer notifies CCC or FSA of any changes by filling out a new CCC-10
 - for UCC's filed manually that require the debtor's signature, CCC requires CCC-10 to identify the jurisdiction in which to perform lien searches
 - for general partnerships and joint ventures, all members must sign CCC-10 unless an individual is authorized to act for the general partnership or joint venture, according to 1-CM
 - allow spouses to sign CCC-10 on behalf of each other only as allowed, according to 1-CM
 - gather data and signatures concerning spouses where spousal information is required by State law, according to OGC
 - if applicable, provide a copy of CCC-10 to other County Offices in which the producer is active
 - file CCC-10's in alphabetical order in folder(s) labeled-LP 1-2 Financing Statements.--*
-

Continued on the next page

*--49 Completing CCC-10 (Continued)

C

CCC-10

Availability

CCC-10 is available for download from the following:

- by FSA employees, from the FSA intranet at **<http://intranet.fsa.usda.gov>**
- by producers, with instructions, from the internet at **<http://www.sc.egov.usda.gov/>**.

D

**Instructions for
Preparing
CCC-10**

County Offices shall prepare CCC-10 according to the following table.

Item	Instructions
Part A	Be sure the producer understands the statements in this part.
1	<p>Check the box for:</p> <ul style="list-style-type: none"> • individual, if the producer conducts a farming operation as an individual • organization or entity if the producer conducts a farming operation as an organization or entity.
2	<p>If the box in item 1 is checked for:</p> <ul style="list-style-type: none"> • individual, enter applicable Social Security number or tax identification number • organization or entity, enter the applicable tax identification number.
3	<p>If the box in item 1 is checked for:</p> <ul style="list-style-type: none"> • individual, enter first, middle, last name and, if applicable, a suffix • organization or entity, enter the full legal name of the organization or entity. <p>Note: This is the name that will be used on UCC forms.</p>
4	<p>If the box in item 1 is checked for individual, enter the first, middle, last name and, if applicable, a suffix for a spouse.</p> <p>Note: This is the name that will be used on UCC forms for additional debtors.</p>

--*

Continued on next page

*--49 Completing CCC-10 (Continued)

D
Instructions for
Preparing
CCC-10
(Continued)

Item	Instructions
5	If the box in item 1 is checked for individual, enter the name of the State and county of the producer's primary residence. Unless otherwise advised by OGC, this is where to file UCC's and to perform lien searches.
6	If the box in item 1 is checked for organization or entity, enter the type of organization or entity. Acceptable types are corporations, general or limited partnerships, limited liability companies, and trusts. An informal joint operation or venture is not a legal entity. Members of an informal joint operation or venture are treated as individuals.
7	If the organization or entity is registered, it must be organized under the law of a single State and must be displayed in a State public record as being organized. If the organization or entity is registered, enter the State in which the organization or entity was created and is registered. Unless otherwise advised by OGC, this is where to file UCC's and to perform lien searches.
8	If the organization or entity is not registered, enter the State where the place of business is located or where the organization or entity conducts its affairs. Unless otherwise advised by OGC, this is where to file UCC's and to perform lien searches.
9	Be sure the producer understands the statement in item 9.
9A-9D	<p>If the box in item 1 is checked for:</p> <ul style="list-style-type: none"> individual, producer enters signature as first, middle, last name and, if applicable, a suffix organization or entity, producer enters the following: <ul style="list-style-type: none"> the legal name of the organization or entity the word "by" producer's signature producer's title. <p>Example: Hobbitt Farms Inc. by John H. Smith, president</p> <p>Note: For general partnerships and joint ventures, all partners' and spouses' signatures are required. For corporations, limited partnerships, and limited liability corporations, the person authorized to sign on behalf of the entity is required to sign. For trusts, the trustee or trustees are required to sign. For estates, the executor is required to sign.</p>

--*

Continued on the next page

49 Completing CCC-10 (Continued)

E
Example of
CCC-10

The following is an example of a completed CCC-10.

*--

REPRODUCE LOCALLY. Include form number and date on all reproductions. Form Approved - OMB No. 0560-0215

CCC-10
(11-20-01)

U.S. DEPARTMENT OF AGRICULTURE
Commodity Credit Corporation
Farm Service Agency

**REPRESENTATIONS FOR COMMODITY CREDIT CORPORATION OR FARM SERVICE AGENCY
LOANS AND AUTHORIZATION TO FILE A FINANCING STATEMENT AND RELATED DOCUMENTS**

NOTE: The following statement is made in accordance with the Privacy Act of 1974 (5 U.S.C. 552a). The authority for requesting the following information is Commodity Credit Corporation Charter Act, 15 U.S.C. (714 et seq.), the Federal Agriculture Improvement and Reform Act of 1996, and Consolidated Farm and Rural Development Act (7 U.S.C. 1921 et seq.). The information will be used to provide loan benefits. Furnishing the requested information is voluntary. Failure to furnish the requested information will result in denial of loan benefits. This information may be provided to other agencies, IRS, Department of Justice, or other State and Federal Law enforcement agencies, and in response to a court magistrate or administrative tribunal. The provisions of criminal and civil fraud statutes, including 15 U.S.C. 714m, 18 U.S.C. 286, 287, 371, 641, 651, 1001; and 31 U.S.C. 3729, may be applicable to the information provided.

According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0560-0215. The time required to complete this information collection is estimated to average 5 minutes per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. **RETURN THIS COMPLETED FORM TO YOUR COUNTY FSA OFFICE.**

PART A - INTRODUCTION

The undersigned is an applicant for a loan from the Commodity Credit Corporation (CCC) or the Farm Service Agency (FSA), or is currently indebted to CCC or FSA on account of loans previously made or will encumber, pledge or mortgage property to CCC or FSA to secure payment of a loan made or to be made by CCC or FSA. The undersigned understands that CCC or FSA will take or has taken a security interest in collateral to secure the payment of any loan made or to be made, that CCC or FSA will file or has filed a financing statement or an amended financing statement to perfect its security interest in such collateral, that the information provided in this instrument will affect the contents of the financing statement or any amended financing statement and where it will be filed and that CCC or FSA will rely upon this information provided by the undersigned. Further, the undersigned understands that CCC or FSA will continue to use this information for any future loans to be made to the undersigned until the undersigned notifies CCC or FSA of any changes. The undersigned agrees to immediately notify CCC or FSA of any changes in this information.

PART B - REPRESENTATION OF UNDERSIGNED

1. TYPE OF UNDERSIGNED: <input checked="" type="checkbox"/> INDIVIDUAL <input type="checkbox"/> ORGANIZATION OR ENTITY	2. SOCIAL SECURITY NUMBER OR TAX IDENTIFICATION NUMBER 111-XX-79X1
3. UNDERSIGNED'S FULL LEGAL NAME John Rosco Smith, Jr.	4. SPOUSE'S FULL LEGAL NAME Anita LuAnne Baxter Smith
5. STATE AND COUNTY OF PRIMARY RESIDENCE IF UNDERSIGNED IS AN INDIVIDUAL New Jersey, Adams Co.	6. IF UNDERSIGNED IS AN ORGANIZATION OR ENTITY, SPECIFY THE TYPE OF ORGANIZATION OR ENTITY
7. IF UNDERSIGNED'S ORGANIZATION OR ENTITY IS A REGISTERED ORGANIZATION OR ENTITY, SPECIFY THE STATE IN WHICH THE ORGANIZATION OR ENTITY WAS CREATED.	
8. IF UNDERSIGNED'S ORGANIZATION IS A NON-REGISTERED ORGANIZATION OR ENTITY, SPECIFY THE STATE WHERE THE PLACE OF BUSINESS IS LOCATED OR WHERE THE ORGANIZATION OR ENTITY CONDUCTS ITS AFFAIRS.	

PART C - AUTHORIZATION TO FILE

9. The undersigned authorizes CCC or FSA to file a financing statement under the name of the undersigned for collateral to be described in the financing statement and security agreement at any time following the date that this instrument is signed. By signing below, I give CCC or FSA permission to file a financing statement prior to the execution of the security agreement, as well as to file amendments and continuations of the financing statement thereafter.

9A. SIGNATURE OF UNDERSIGNED /s/ John Rosco Smith, Jr.	DATE 11-21-01
9B. SIGNATURE OF UNDERSIGNED /s/ Anita LuAnne Baxter Smith	DATE 11-21-01
9C. SIGNATURE OF UNDERSIGNED	DATE
9D. SIGNATURE OF UNDERSIGNED	DATE

The U.S. Department of Agriculture (USDA) prohibits discrimination in all its programs and activities on the basis of race, color, national origin, gender, religion, age, disability, political beliefs, sexual orientation, and marital or family status. (Not all prohibited bases apply to all programs.) Persons with disabilities who require alternative means for communication of program information (Braille, large print, audiotape, etc.) should contact USDA's TARGET Center at (202) 720-2600 (voice and TDD). To file a complaint of discrimination, write USDA, Director, Office of Civil Rights, Room 326-W, Whitten Building, 1400 Independence Avenue, SW, Washington, D.C. 20250-9410 or call (202) 720-5964 (voice or TDD). USDA is an equal opportunity provider and employer.

--*

50-57 (Reserved)

Section 2 Other Requirements

58 Insurance Requirements

A

Crop Insurance Requirement

To enhance a borrower's repayment ability, County Offices shall:

- require the producer to provide proof of crop insurance for all insurable *--facility loan commodities of economic significance on all farms operated--* by the borrower in the county where the storage facility is located
 - annually obtain proof of insurance for each crop year applicable to the entire term of the loan.
-

B

Acceptable Forms of Insurance

Acceptable forms of crop insurance are any level of coverage of multi peril insurance, including the catastrophic level, * * * group coverage, and crop *--revenue coverage offered under the Federal Crop Insurance Program.--*

C

Acceptable Proof of Insurance

County Offices shall accept proof of insurance, such as:

- statements of coverage for the applicable crop year
 - applications for insurance for the applicable crop year signed by the agent
 - other forms of proof acceptable to CED.
-

D

Crop Insurance Waiver

County Offices shall:

- waive the requirement if it is too late for the producer to obtain insurance for the crop year
- enter the following statement on CCC-185, remarks section:

“I agree to purchase crop insurance for facility loan commodities during the next available sales period. I understand that my failure to meet this requirement will be construed as a program violation.”

Continued on the next page

58 Insurance Requirements (Continued)

E

Failure to Obtain Crop Insurance

County Offices shall:

- monitor the borrower's crop insurance status
- consider a lack of insurance to be a program violation
- take action to call loans when borrowers do not maintain insurance.

Note: Before calling loans, COC's may request a waiver according to subparagraph 2 E.

F

All Peril Structural and Flood Insurance

To protect CCC's interest in collateral, County Offices shall:

- require borrowers to obtain all peril insurance on the storage, handling, or drying structures listing CCC as a loss payee
- obtain proof of all peril that lists CCC as a loss payee as soon as it is available
- review proof of all peril insurance provided to CCC periodically by insurance companies or borrowers

•*--take action to call loans when borrowers do not maintain insurance.--*

G

Flood Insurance

To protect CCC's interest in collateral, County Offices shall:

- determine whether proposed storage facility sites are located in flood hazard areas by viewing national flood insurance program maps
- document the review on FEMA 81-93, available on the internet at **<http://www.fema.gov/nfip/mpurfi.htm>**
- require the loan applicant to obtain flood insurance if the review documented on FEMA 81-93 indicates that flood insurance is required
- obtain proof of flood insurance coverage
- not approve loans if flood insurance is required and not obtained or not available
- review proof of insurance provided by insurance companies to be sure insurance is maintained for the life of the loan

•*--take action to call loans when borrowers do not maintain insurance.--*

59 Local Land Use Law Requirements

A

County Office Action

To avoid conflicts with local land use laws, County Offices shall:

- determine whether local land use laws are applicable at the proposed storage facility location by contacting local code enforcement officers
 - obtain, from producers, copies of applicable:
 - building permits
 - zoning variances
 - site plans
 - environmental evaluations and assessments
 - *--construction permits for flood hazard areas--*
 - use information obtained for FSA eligibility purposes and environment evaluations
 - not approve loans where applicants are not in compliance with applicable local land use laws.
-

60-69 (Reserved)

Section 3 Environmental Assessment and Evaluation**70 Overview**

**A
Background**

This section:

- is consistent with the Council on Environmental Quality's Regulations for Implementing the Procedural Provisions of NEPA, 40 CFR Parts 1500-1508; the National Historic Preservation Act, 16 U.S.C. 470; and all other environmental laws, regulations, and executive orders applicable to Federal actions
- contains provisions for implementing due diligence into the loan process.

FSA shall consider environmental quality as equal with economic, social, and other relevant factors in program development and decision making processes.

When adverse environmental impacts are identified, either direct or indirect, an examination will be made of alternative courses of action, including no action, potential environmental impacts, and any mitigation measures.

**B
Objectives**

The primary objectives of this section are for FSA to make better decisions by:

- taking into account potential environmental impacts of proposed projects
- working with FSA applicants, other Federal agencies, Indian tribes, State and local governments, and interested citizens and organizations to formulate actions that advance the program goals in a manner that will protect, enhance, and restore environmental quality.

To accomplish these objectives, the identification of potentially significant impacts on the human environment is mandated to occur early in FSA's planning and decision making processes. FSA-850 must be completed before FSA's decision on whether or not to approve the loan request. This early availability of the results of the environmental review process is intended to ensure that FSA decisions are based on an understanding of their environmental consequence, as well as the consequences of alternative courses of action.

FSA-850 is to be supported by accurate analysis and will concentrate on the issues that are timely and relevant to the action in question, rather than amassing needless detail. This document and its preparation and review will be coordinated with other Federal or State agencies jointly participating in proposed actions or related actions, to avoid duplication of effort and to achieve a coordinated and timely response.

70 Overview (Continued)

C**State
Environmental
Policy Acts**

Numerous States have enacted environmental policy acts or regulations similar to NEPA, hereafter referred to as State NEPA's. It will be the responsibility of each SEC to determine the applicable State requirements and to establish a working relationship with the State personnel responsible for their implementation. If it is determined there is a State NEPA, consult RD Instruction 1940-G, Section 1940.328 for further guidance on how to proceed.

71 Evaluating the Environmental Impact

A**Preparing
Evaluations**

--All requests for loans to construct or renovate farm storage facilities or for drying or handling equipment, will be evaluated by completing FSA-850.--
FSA-850 provides a mechanism for:

- reviewing actions to determine impacts
- documenting a finding of no significant impact, as well as compliance determinations for other applicable environmental laws, regulations, and policies.

With additional and supporting documentation, FSA-850 also provides a format for assessing potential impacts and reviewing alternatives and mitigation measures when potential impacts to any of the protected resources listed on FSA-850, item 3 are identified.

B**Preparer Action**

In completing FSA-850, the preparer must:

- become familiar with the elements of the action, the nature of the environment to be affected, the relationship to any other Federal actions or related non-Federal actions, and the applicable environmental laws and regulations
 - determine whether the action affects an environmental resource that is the subject of a special Federal consultation or coordination requirement
 - demonstrate the required compliance if any of the protected resources listed on FSA-850, item 3 is to be affected by accomplishing the review and coordination requirements for that resource
-

Continued on the next page

71 Evaluating the Environmental Impact (Continued)

B

Preparer Action (Continued)

- incorporate either of the following:
 - comments of State, regional, and local agencies obtained through applicable permit reviews
 - the implementation of Executive Order 12372, Intergovernmental Review of Federal Programs, into the evaluation if this review applies to the action
- address the issue of any controversy

Note: If the action is the subject of isolated environmental complaints or any questions or concerns that focus on a single impact, such as air quality, address the analysis of these complaints or questions.

- analyze the potential cumulative impacts of this action, particularly as it relates to other planned or recently approved FSA actions in the area in question.
-

C

Other Interested Agencies and Parties

In completing FSA-850 for an action, it is important to understand the comprehensive nature of the impacts that must be analyzed. Consideration must be given to all potential impacts associated with the action's construction, the project's operation and maintenance, the operation of all identified primary beneficiaries, and the attainment of the action's major objectives.

Once adequate data has been obtained, the evaluation will be initiated. In completing the evaluation, appropriate experts from State and Federal agencies, universities, and local and private groups may be contacted as necessary for their views. The preparer should communicate with these agencies or parties in the most appropriate and expeditious manner possible, depending upon the seriousness of the potential impacts and the need for formal documentation. Comments from an expert must be obtained in writing whenever required or when the potential environmental impact is either controversial, complex, major, or apparently major. When correspondence is exchanged, it will be appended to the assessment. Document oral discussions and attach them as an exhibit to the evaluation.

At the earliest possible stage in the evaluation process, the preparer shall identify the Federal, State, and local parties that are carrying out related activities, either planned or under way. Discussions with the applicant and FSA staff familiar with the project area should assist in this identification effort. If there is a potential for cumulative impacts, the preparer shall consult with the involved agencies to determine the nature, timing, and results of their environmental analysis. These consultations will be documented in the evaluation and considered or adopted when making the environmental impact determination.

72 Addressing Protected Resources

A

Wetlands

The proposed action will be evaluated through a site visit, review of soil maps, and, if necessary, assistance from NRCS. NRCS has wetland definition maps, which may not be complete, to determine whether the action would:

- be located within or adjacent to a wetland
- affect the values and functions of the wetland by such means as converting, filling, draining, or directly discharging into the wetland.

No loan shall be approved for an action that involves the filling, dredging, draining, or other conversion or manipulation of a wetland. Carefully consider alternatives to avoid unnecessary adverse impacts to wetlands. If necessary, obtain NRCS assistance to determine whether wetlands will be affected.

B

Flood Plains

The preparer shall make a determination as to whether flood plains will be potentially impacted by the proposed action. If potential impacts are noted after completing FSA-850, the preparer should follow the provisions in RD Instruction 1940-G, Exhibit C.

- Indicate whether the project:
 - includes or involves an existing structure located within a 100-year flood plain (500-year flood plain if critical action)
 - would be located within a 100-year flood plain (500-year flood plain if critical action) and would affect the values and functions of the flood plain by such means as converting, dredging, filling, or clearing the natural vegetation.
- Review the most current Flood Insurance Rate Map or Flood Insurance Study issued for the project area by FEMA. When more specific information is needed on the location of a flood plain; for example, the project site may be near the boundary of a flood plain; or for assistance in analyzing flood plain impacts, it is often helpful to contact FEMA's regional office staff.

If the proposed action is to be located within a Special Flood Hazard Area as determined by FEMA, it may be necessary to obtain a construction permit from the local flood plain management authority.

Continued on the next page

72 Addressing Protected Resources (Continued)

B**Flood Plains
(Continued)**

If a FEMA flood plain map has not been prepared for a project area, detailed assistance is normally available from any of the following agencies:

- FEMA
 - FWS
 - NRCS
 - Corps of Engineers
 - USGS
 - appropriate regional or State agencies established for flood prevention purposes.
-

C**Water Quality**

Evaluate the extent to which the proposed project may:

- create shortages for or otherwise adversely affect the withdrawal capabilities of other present users of the raw water supply, particularly in terms of possible human health, safety, or welfare problems
- impair a water quality standard, including designated and/or existing beneficial uses, or would not meet applicable antidegradation requirements.

FSA will not provide financial assistance to any activity that would either impair a State water quality standard, including designated and/or existing beneficial uses that water quality criteria are designed to protect, or not meet antidegradation requirements. When necessary, the proposed activity will be modified to protect water quality standards, including designated and/or existing beneficial uses that water quality criteria are designed to protect, and meet antidegradation requirements.

Continued on the next page

72 Addressing Protected Resources (Continued)

D**Sole Source
Aquifer Recharge
Area**

The preparer should consult the State Natural Resource Management Guide to determine whether the proposed action will impact a sole source aquifer recharge area. If the proposed action lies within or will affect a sole source aquifer recharge area as designated by EPA, contact the appropriate EPA regional office to determine whether its review is necessary. If the review is necessary, attach the results of the review. If no agreement exists with EPA, this obviates the need for EPA's review of the type of action under consideration. The NRCS Field Office Technical Guide should have the maps.

E**Critical Habitat or
Endangered/
Threatened Species**

The proposed project will be reviewed to determine whether it impacts habitat of endangered/threatened species (listed or proposed) by determining whether the proposed project:

- contains an endangered/threatened habitat within the project site
- is adjacent to an endangered/threatened habitat
- would affect an endangered/threatened habitat or species.

FSA will not approve any FSFLP loan that is likely to do either of the following:

- jeopardize the continued existence of any plant or wildlife species listed by the Secretary of Interior as endangered or threatened
- destroy or adversely modify the habitats of listed species when these habitats have been determined critical to the species' existence by the Secretary of Interior, unless FSA has been granted an exemption for this proposal by the Endangered Species Committee pursuant to Endangered Species Act, Section 7, paragraph (h).

FSA shall follow the consultation procedures required under Endangered Species Act, Section 7 as specified in 50 CFR Part 402. Refer to RD Instruction 1940-G, Exhibit D for further guidance on the consultation process.

F**Wilderness**

The preparer shall consult the State Natural Resource Management Guide to determine whether the proposed action will impact designated or proposed wilderness area by determining whether the proposed action would either:

- be located in a wilderness area
 - affect a wilderness area, such as by being visible from the wilderness area.
-

Continued on the next page

72 Addressing Protected Resources (Continued)

G

Coastal Barriers

CBRA applies to barrier islands that Congress has designated for inclusion in CBRS. Since coastal barriers are only found in East and Gulf Coast States, no other State Offices fall under the requirements of CBRA and, therefore, do not need to be concerned with these implementation procedures. The State Natural Resource Management Guides for these applicable States contain lists of the coastal barriers included in CBRS.

On coastal barriers that are included in CBRS, CBRA prohibits any new expenditures or new financial assistance by the Federal Government. Refer to RD Instruction 1940-G, Exhibit L for a list of exceptions provided in CBRA, Section 6.

For those actions that are reviewed and determined not to be within CBRS, the environmental reviewer must document this result by checking the appropriate compliance blocks on FSA-850.

For those actions that would be located within CBRS, either of the following steps must be taken.

IF the environmental reviewer concludes that the proposed action...	THEN...
does not meet the criteria for an exception under CBRA, Section 6	the action must be denied by the approving official and the affected applicant must be informed of the reason for denial. If it is determined that the action may qualify for an exception, the following step must be implemented before a decision on this question.
may meet the exception criteria	<p>consultation shall be initiated with the Secretary of the Interior by either SED or the National Office. FSA shall request the Secretary's views as to whether the exception criteria are met and shall provide the Secretary with the following information:</p> <ul style="list-style-type: none"> • a detailed description of the action and its location • a description of the affected environment within CBRS and the impacts of the proposed action • the applicable exception criteria and FSA's reasons for believing they apply to this action • if a Section 6(a)(6) exception is claimed, FSA's reasons for believing the action to be consistent with the purposes of CBRA.

Continued on the next page

72 Addressing Protected Resources (Continued)

H

Coastal Zone Management Area

For coastal or Great Lake States, the State Natural Resource Management Guide will be reviewed to determine whether the proposed action will be located in an approved Coastal Zone Management Area. If the proposed action would be located within this area and no agreement exists with the responsible State agency, this obviates the need for a consistency determination for the type of action under consideration.

Indicate if the action is within or will impact a coastal area defined as such by the State's approved Coastal Zone Management Program. If so, consult with the State agency responsible for the Coastal Zone Management Program to determine the action's consistency with the program. The results of this coordination shall be included in FSA-850.

I

Wild or Scenic River

Review the State Natural Resource Management Guide to determine whether the proposed action will impact a wild or scenic river, which is proposed, designated, or identified in the Department of the Interior's nationwide inventory. An impact will occur if the proposed action meets 1 of the following criteria:

- would be located within 1-quarter mile of the river's banks
- involves withdrawing water from the river or discharging water to the river by a point source
- would be visible from the river.

FSA shall not:

- provide financial assistance or plan approval for any water resource project that would have a direct and adverse effect on the values for which a river has been either included in the National Wild and Scenic Rivers System or is designated for potential addition
- approve a project located below or above a wild, scenic, or recreational river area, or on any stream tributary thereto which will invade the area or unreasonably diminish the scenic, recreational, and fish and wildlife values present in the area.

If potential impacts are noted during the completion of FSA-850, consult RD Instruction 1940-G, Exhibit E.

Continued on the next page

72 Addressing Protected Resources (Continued)

J**Important
Farmland, Prime
Forest Land, and
Prime Rangeland**

Subtitle I of the Agriculture and Food Act of 1981, Pub. L. 97-98, created the Farmland Protection Policy Act. The Farmland Protection Policy Act requires:

- the consideration of alternatives when an applicant's proposal would result in the conversion of important farmland to nonagricultural uses
- that Federal programs, to the extent practicable, be compatible with State, local government, and private programs and policies to protect farmland.

The preparer of FSA-850 shall review available important NRCS farmland maps to determine whether the general area within which the proposed action is located contains important farmland. Those actions that are determined to result in the lease, disposal, or financing of an existing farm, residential, commercial, or industrial property with no reasonably foreseeable change in land use and those actions that solely involve the renovation of existing structures or facilities would require no further review. Since these actions have no potential to convert land uses, this finding would simply be made by the preparer in completing the environmental assessment for the action. Also, actions that convert important farmland through the construction of on-farm structures necessary for farm operations are exempt from the farmland protection provisions of this section.

Consult the State Natural Resource Management Guide along with NRCS maps to determine whether the proposed project will impact prime forest lands or prime rangelands. Conversions are allowed for these resources if the conversion would result from the construction of on-farm structures necessary for farm operations.

K**Natural
Landmark**

Review the State Natural Resource Management Guide to determine whether the proposed project will impact a natural landmark that is listed on the National Registry of Natural Landmarks.

Continued on the next page

72 Addressing Protected Resources (Continued)

L**Historical and Cultural Properties**

The National Historic Preservation Act, Section 106 must be complied with for all proposed projects. Consultation in writing with either the State Historic Preservation Officer or Tribal Historic Preservation Officer is necessary for all proposed actions unless they have been exempted through a State Programmatic Agreement.

The proposed action must be reviewed to determine either of the following:

- whether it contains a historical or archaeological site within the construction site
- whether it would affect a historical or archaeological site.

If the preparer of FSA-850 disagrees with a requirement from the State Historic Preservation Officer or Tribal Historic Preservation Officer to complete an archaeological survey, SEC should be contacted for assistance. In most cases, the use of alternative sites or mitigation measures may eliminate the need for a survey.

Further guidance concerning historical and archaeological properties is found in RD Instruction 1940-G, Section 1940.305(g).

--See applicable EQ notice for nonundertakings that require no further historic-- property consideration.

M**Air Quality**

Review the proposed action to determine whether any emissions will be produced to include all aspects of the action, including beneficiaries' operations and known indirect effects, such as increased motor vehicle traffic, which will affect air quality.

Review the following:

- project's consistency with the State's air quality implementation plan for the area
- status of compliance with air quality standards within that region.

Cite any contacts with appropriate experts and agencies that must issue necessary permits.

Continued on the next page

72 Addressing Protected Resources (Continued)**N****Environmental
Justice**

The proposed action will be reviewed to determine whether it complies with the provisions of Executive Order 12898, Executive Order on Federal Actions to Address Environmental Justice in Minority Populations and Low-Income Populations. The proposed action must not adversely affect any low-income or minority communities. If low-income or minority communities may be affected, every effort should be made to fully inform the communities of the proposed action and potential impact.

O**Social and
Economic Impacts**

Review the proposed action to determine whether it would result in any adverse impacts to the local economical structure as well as the social structure. For example, will the project increase traffic and cause the need for additional road systems in the area. Also, consider any potential benefits.

73 Responsibilities**A****FSA
Responsibilities**

This table lists the responsibilities of FSA offices.

Office	Responsibility
County	Prepares FSA-850 and any associated documentation.
Soil and Water Conservation District	When necessary, assists the County Office in completing FSA-850.
State	SEC shall provide: <ul style="list-style-type: none"> • training as necessary to County Offices on the proper completion of FSA-850 • any necessary support, including maps, address, and contracts, to the County Office in completing FSA-850.
National	Shall: <ul style="list-style-type: none"> • provide training and support to SEC as needed • assist in completing any Environmental Impact Statements when necessary.

Continued on the next page

73 Responsibilities (Continued)

**B
Applicant
Responsibilities**

FSA expects applicants to:

- consider the potential environmental impacts of their requests at the earliest planning stages and to develop proposals that minimize the potential to adversely impact the environment
 - contact County Offices to determine FSA's environmental requirements as soon as possible after they decide to apply for an FSFLP loan
 - provide information necessary to evaluate their proposal's potential environmental impacts and alternatives to them. For example, the applicant will be required to provide a complete description of the project elements and the proposed site or sites to include location maps, topographic maps, and photographs when needed.
-

74 Determining Significant Impacts

**A
Other Actions**

In using the criteria for a significant impact, the cumulative impacts of other FSA actions planned or recently approved in the proposal's area of environmental impact, other related or similarly located Federal actions, and non-Federal related actions must be given consideration. This is particularly relevant for frequently recurring FSA actions that on an individual basis may have relatively few environmental impacts, but create a potential for significant impacts on a cumulative basis.

**B
Criteria for
Wetlands and
Flood Plains**

Because the environmental values and functions of wetlands and flood plains are of critical importance to man, and because these areas are often extremely sensitive to man-induced disturbances, actions that affect wetlands and flood plains will be considered to have a significant environmental impact whenever 1 or more of the following criteria are met.

- The public health and safety are identifiably affected; that is, whenever the proposed action may affect any standards promulgated under the Safe Drinking Water Act (42 U.S.C. 300f et seq.), the Clean Water Act (33 U.S.C. 1251 et seq.), or similar State authorities.
-

Continued on the next page

74 Determining Significant Impacts (Continued)

B

Criteria for Wetlands and Flood Plains (Continued)

- The preservation of natural systems is identifiably affected; that is, whenever the proposed action or related activities may potentially create or induce changes in the existing habitat that may affect either of the following:
 - species' diversity and stability, both flora and fauna and over the short and long term
 - ecosystem productivity over the long term.
 - The proposal, if located or carried out within a flood plain, poses a greater than normal risk for flood-caused loss of life or property. Examples of these actions include facilities that:
 - produce, use, or store highly volatile, toxic, or water-reactive materials
 - contain occupants who may not be sufficiently mobile to avoid the loss of life or injury during flood and storm events, such as hospitals, nursing homes, and schools.
-

75 Other Actions

A

Assessments

If after completing FSA-850 the preparer determines there will be some impacts to the resources listed and no alternatives or mitigation measures exist, a Class II Environmental Assessment will be completed according to RD Instruction 1940-G, Section 1940.318 and Exhibit H.

If it is determined from completing the environmental assessment process that there are significant impacts and no alternatives or mitigation measures exist, the County Office shall do either of the following:

- deny the applicant's request for a loan
 - request SED to request assistance from the National Office for further assessing the impacts of the project and any associated alternatives and mitigation measures.
-

B

Emergencies

When emergency circumstances arise that prevent the implementation of the provisions of this section, follow the provisions in RD Instruction 1940-G, Section 1940.332.

Continued on the next page

75 Other Actions (Continued)

C**Monitoring**

FSA staff, who normally have responsibility for the post-approval inspection and monitoring of approved projects, shall ensure that those mitigation measures that were identified in the approval stage and required to be undertaken to reduce adverse environmental impacts are effectively implemented.

FSA staff shall review the action's approval documents and consult with the preparer of the action's environmental review document before making site visits or requesting project status reports to determine whether there are environmental requirements to be monitored.

- The preparer will directly monitor actions containing difficult or complex environmental special conditions.
 - Before certifying that conditions contained within offers of financial assistance have been fully met, the responsible monitoring staff will obtain the position of the preparer for those conditions developed as a result of the environmental review.
 - Whenever noncompliance with an environmental special condition is detected by FSA, SEC will be immediately informed who will then take appropriate steps, in consultation with the responsible program office, to bring the action into compliance.
-

D**Due Diligence**

The release or presence of a hazardous substance, hazardous waste, or leaking underground storage tank on a property could affect the value of the property that is offered as security for a loan. Furthermore, a borrower with substantial liability associated with hazardous waste contamination or a leaking underground storage tank may indicate a severely diminished ability to repay. Therefore, due diligence will be performed for all new loans involving real estate as security, including real estate offered as additional security. Due diligence will be completed by the *--County Office by completing FSA-851, which is available from all SEC's.--*

Continued on the next page

75 Other Actions (Continued)

D
Due Diligence
(Continued)

If FSA determines that the property being offered as security contains possible hazardous waste contamination based on the completion of a Transaction Screen Questionnaire, FSA shall notify the applicant that no further processing of their loan application can take place until 1 of the following occurs:

- the applicant provides an environmental site assessment completed by a qualified environmental professional that shows the property offered for security is not contaminated
 - new noncontaminated property is offered as security for the loan or loans
 - the contaminated property being offered as security has been fully remediated according to a plan approved by the appropriate regulatory agency
 - the contaminated property can be subdivided, thus leaving a noncontaminated property to offer as security.
-

76-85

(Reserved)

Part 5 (Reserved)

86-100 (Reserved)

Part 6 Approving Committee Review of Applications

101 COC Review

**A
Responsibility**

COC shall determine:

- whether the applicant meets all eligibility requirements
 - whether the proposed facility or renovation is eligible and needed
 - whether the estimated yields and acreages to calculate needs are reasonable
 - whether the environmental conditions of the site would place CCC at risk
 - the type of security to be required
 - the conditions of approval.
-

**B
Approvals and
Disapprovals**

COC shall do either of the following:

- approve the loan within COC authority by signing CCC-185 and document determinations in executive COC minutes
- disapprove the loan, stating why in the COC executive meeting minutes.

Note: County Offices shall provide the applicant with notification and appeal rights, if applicable.

**C
Referrals to STC**

For applications that require consideration by STC because STC has set a COC loan approval limit, County Offices shall submit:

- copies of the complete application with supporting documentation as specified by STC
 - a copy of an aerial photograph of the proposed site where the facility will be located identifying roads and other key features
 - recommendations from COC about the applicant's credit history, ability to repay, and type of security.
-

Continued on the next page

101 COC Review (Continued)

D**STC Action**

STC shall:

- approve or disapprove all applications referred
 - indicate approval by signing CCC-185
 - explain reasons for not approving applications in a memorandum to COC
 - provide the applicant with notification of disapproval and appeal rights, if applicable, according to 1-APP
 - return entire case file to the County Office.
-

E**Confidentiality
of Applicant's
Financial
Information**

For CCC to provide confidentiality of an applicant's financial information, STC's and COC's shall:

- not view financial information, such as balance sheets and cash flow statements, provided by applicants
 - not discuss an applicant's financial information with anyone outside of the State or County Office
 - obtain a recommendation for approval concerning the applicant's credit history
--and ability to repay from an FSA employee with FSA loan approval authority--
 - use the recommendation to determine whether:
 - an applicant's credit history is satisfactory
 - the applicant has the ability to repay debt resulting from the loan.
-

102 Completing Manual CCC-185, Page 2

A

**Completing
CCC-185, Page 2**

After careful consideration of CCC-185, supporting documentation, and staff recommendations, COC or designee shall complete CCC-185, page 2 according to the following.

Item	Instructions
*--14A	<p>Insert the amount determined according to paragraph 15.</p> <p>Exception: The approving committee may enter the following:</p> <ul style="list-style-type: none"> an amount that is less than the maximum amount based on the applicant's request <p>Note: Enter the amount and the notation "as requested by applicant" in the remarks section.</p> <ul style="list-style-type: none"> an amount that is less than the maximum amount based on a COC decision <p>Note: Enter the amount and a notation in the remarks section explaining COC's reasons for the decision.</p> <ul style="list-style-type: none"> an amount that is less than the maximum amount based on certain conditions. <p>Note: List the conditions of approval in the remarks section.</p>
14B	Enter number of loan installments.
14C	Enter a date that is 4 months following the date of approval.
14D	When known, enter the date the approval letter was sent to the applicant.
15	Approving authority shall sign and date.
16	Enter the County Office name and address.
17--*	<p>Enter the type of security required by the approving committee.</p> <p>Example: 1st lien on the 133-acre parcel where the facility is to be located.</p>
--18	Use for any appropriate remarks, such as conditions of approval.--

Continued on the next page

102 Completing Manual CCC-185, Page 2 (Continued)

B

Example of
CCC-185, Page 2

Following is an example of CCC-185, page 2.

*--

CCC-185 (07-06-00) Reverse			
14. CCC APPROVAL			
<p><i>A loan is approved by CCC for the approximate amount shown in Item 14A below, but not to exceed the amount authorized in the program regulations. Such loan shall be repayable in the number of equal annual installments shown in Item 14B. This approval shall become null and void 4 months after the date hereof unless the loan funds have been disbursed or this approval has been extended in writing by the State or County Committee. Loan funds will not be disbursed until property has been erected or installed and inspected and approved in accordance with program regulations.</i></p>			
A. Loan Amount Approved By CCC Pending Funding	B. Number of Loan Installments	C. Final Loan Approval Expiration Date	D. Date CCC Contacted Loan Applicant of Final Expiration Date
\$ 29,256.00	7	10/25/00	06/29/00
15. Signature of CCC Representative		Date	
/s/ <i>COC member</i>		06/25/00	
16. FSA County Office Name & Address (Including ZIP Code.)		17. Security Required: When loan approved, enter type of security that approving committee is requiring (UCC or chattel mortgage or 1st lien. Enter size of tract covered by lien, if required).	
Yates Farm Service Agency 270 Lake Street Penn Yan, NY 14527		Security interest on all collateral	
18. Remarks			
<p>I agree to purchase crop insurance for facility loan commodities during the next available sales period. I understand that any failure to meet this requirement will be construed as a program violation.</p> <p>Applicant's initials _____ Date _____</p> <p>*Conditions of approval:</p> <p>1) Applicant will purchase and provide proof of all peril structural insurance</p> <p>2) Applicant will comply with applicable provisions of National Historic Preservation Act</p>			
<p>NOTE: The following statement is made in accordance with the Privacy Act of 1974 (5 USC 552a) and the Paperwork Reduction Act of 1995, as amended. The authority for requesting the following information is 7 CFR Part 1436, Title 7, Code of Federal Regulations and the Commodity Credit Corporation Charter Act, 15 U.S.C. 714 et seq. The information will be used to determine eligibility for CCC financing for farm storage and drying equipment. Furnishing the requested information is voluntary; however, without it CCC financing under the program cannot be provided. This information may be provided to other agencies enforcing the provisions of the Act, IRS, Department of Justice, or other State and Federal Law enforcement agencies, and in response to a court magistrate or administrative tribunal. The provisions of criminal and civil fraud statutes, including 18 USC 286, 287, 371, 641, 651, 1001; 15 USC 714m; and 31 USC 3729, may be applicable to the information provided.</p> <p>According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0560-0204. The time required to complete this information collection is estimated to average 30 minutes per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. RETURN THIS COMPLETED FORM TO YOUR COUNTY FSA OFFICE.</p>			

*--

Continued on the next page

C
Distribution

County Offices shall:

- retain original in the loan folder
 - attach to APSS version of CCC-185
 - send a copy to the loan applicant with the loan approval letter.
-

103-114 (Reserved)

Part 7 Closing Loans**115 Finalizing Loans**

A**Finalizing Loans**

County Offices shall take the following steps, not necessarily in this order, when finalizing loans where the loan is not secured by real estate.--*

--Not Secured*by Real Estate**

Step	Action
1	If the loan was approved, ensure that funding transmission has taken place and return funding transmission has been received.
2	If the loan is funded, notify the applicant. See an example letter in subparagraph 116 A.
3	If the loan was not approved by COC, notify the applicant. See an example letter in subparagraph 116 B.
4	As soon as possible, obtain evidence for and compute final net cost of facility. If the final loan amount exceeds the approved amount, return application to COC for consideration. Obtain funding approval. See paragraph 121.
5	If applicable, prepare CCC-297 and obtain necessary signatures to sever collateral from real estate. See paragraph 118.
6	Obtain proof of: <ul style="list-style-type: none"> • multi peril and, if applicable, flood insurance • crop insurance • current real estate taxes.
7	Inspect the facility. See paragraph 122.
8	Confirm a loan closing date with the applicant.
9	Prepare CCC-186 for the closing date.
10	Prepare checks for the closing date.
11	On the closing date: <ul style="list-style-type: none"> • perform a final lien search on the collateral • meet with the applicant and obtain all necessary signatures • distribute checks to producer and other applicable payees.

Continued on the next page

115 Finalizing Loans (Continued)

B**Finalizing Loans*****--Secured by
Real Estate**

County Offices shall take the following steps, not necessarily in this order, when finalizing loans where the loan is secured by real estate.--*

Step	Action
1	If the loan was approved, ensure that funding transmission has taken place and return funding transmission has been received.
2	If the loan is funded, notify the applicant. See the example letter in subparagraph 116 A.
3	If the loan was not approved by COC, notify the applicant. See the example letter in subparagraph 116 B.
4	As soon as possible, obtain evidence for and compute final net cost of facility. If the final loan amount exceeds the approved amount, return application to COC for consideration. Obtain funding approval. See paragraph 121.
5	The borrower selects a closing agent. Provide a letter to the applicant to use for requesting title clearance and legal services. See the example letter in subparagraph 117 A.
6	Obtain certification of attorney, if applicable, on CCC-296. See subparagraph 117 B.
7	Require title insurance or obtain title opinion. Use CCC-299 for title opinion requests. See subparagraph 117 C.
8	See subparagraph 117 D for transmittal of title information letter.
9	Issue a notification of loan closing to the applicant. See the example letter in subparagraph 117 E.
10	Inspect the facility after it is completed.
11	Prepare CCC-186.
12	*--Issue closing letter to the agent with CCC-186 signed by approving official and other instructions. See the example letter in--* subparagraph 117 F.
13	Write checks for loan proceeds. Provide to the closing agent.
14	The closing agent closes the loan and provides the loan closing statement to the County Office.

116 Examples of Loan Approval and Initial Determination Letters

A

Example of Loan Approval Notification Letter Following is an example of a loan approval notification letter.

*--

(Date of Letter)

(Borrower Name)

(Borrower Address line 1)

(Borrower Address line 2)

Dear (Borrower Name),

Please be advised that the Commodity Credit Corporation has (insert “conditionally” if there are conditions of approval) approved your request for a Farm Storage Facility Loan in the amount of (Loan Amount). The loan will be repaid in equal installments over a period of 7 years and will carry an annual interest rate of (Loan Interest Rate) for the entire term. Your loan has also been funded.

Loan approval will expire (4 months after the date of approval). If you need additional time to complete construction and to submit evidence of the total cost, you must submit a request for an extension, in writing, providing evidence that the lack of completion is for reasons beyond your control.

As soon as possible, you must:

- complete construction and notify this office when the facility is ready for inspection
- provide evidence of final cost of the facility to this office
- (insert conditions of approval).

We will:

- compute the final net cost of the facility and request an increase in funding, if needed
- prepare loan and, if applicable, real estate mortgage documents
- notify you of a loan closing date.

Please keep us informed of any changes that can affect your loan approval.

Sincerely,

County Executive Director
For the (County Name) FSA County Committee

Continued on the next page

116 Examples of Loan Approval and Initial Determination Letters (Continued)**B****Example of
Initial Adverse
Determination
Letter**

Following is an example of an initial adverse determination letter.

(Date of letter)

(Borrower Name)

(Borrower Address line 1)

(Borrower Address line 2)

Dear (Borrower Name),

Your request for a Farm Storage Facility Loan from the Commodity Credit Corporation filed on (insert date of application) has been reviewed by the County FSA Committee. The request was not approved. The reason we did not approve your request for a loan is:

(Insert specific reasons for not approving the loan in plain language. Add a citation of the specific CFR reference and a reference to a specific 1-FSFL paragraph. Include a copy of the applicable handbook reference.)

If you disagree with the County Committee's decision, you may request reconsideration, mediation, or an appeal. (Insert rights for reconsideration, mediation, and appeal according to 1-APP, subparagraph 27 B.)

The Federal Equal Credit Opportunity Act prohibits creditors from discriminating against credit applicants on the basis of race, color, religion, national origin, sex, marital status, age (provided the applicant has the capacity to enter a binding contract); because all or part of the applicant's income derives from any public assistance program; or because the applicant has in good faith exercised any right under the Consumer Credit Protection Act. The Federal agency that administers compliance with this law is the Federal Trade Commission, Equal Credit Opportunity, Washington, D.C. 20580.

USDA regulations prohibit discrimination in USDA programs because of your race, color, religion, sex, age, national origin, marital status, familial status, sexual orientation, disability; or because all or part of your income is derived from any public assistance program; or because you have filed a program complaint, participated in any program complaint proceeding, or opposed a prohibited practice.

If you believe that you have been discriminated against for any of the reasons stated above, you may file a complaint with the Director, Office of Civil Rights, United States Department of Agriculture, Room 326-W, Whitten Building, 1400 Independence Avenue, S.W. Washington, D.C. 20250-9410.

Thank you for your interest in the program.

Sincerely,

County Executive Director
For the (County Name) FSA County Committee

--117 Closing Loans Secured by Real Estate--

A

**Borrower
Selection of a
Closing Agent**

Borrowers shall select closing agents. County Offices shall provide the borrower with the following letter, or a similar one that is provided by the regional OGC, to:

- provide a means for the loan applicant to request a title insurance policy from a title insurance company
- provide a means to request loan closing and related legal services from an attorney or a title company
- make clear who is to pay the closing costs.

***--**

REQUEST FOR TITLE POLICY AND LEGAL SERVICES

Date _____

The undersigned hereby requests you to issue a mortgage policy of title insurance and perform loan closing and other legal services in accordance with instructions and requirements of the Commodity Credit Corporation (CCC), including the disbursement of any funds that I am required to provide in connection with the transaction by CCC.

CCC is providing you a description of the real property to be mortgaged. It is understood that the closing cost (insert applicable statement from the following):

- has been agreed to by you and the undersigned
- will have to be agreed to by you and the undersigned
- is to be a reasonable figure to be set by you in accordance with your usual charges for comparable services
- (another statement if the above statements are not appropriate).

Subject to that understanding, the undersigned loan applicant agrees to be responsible for payment of all closing costs and the mortgagee policy of title insurance, if applicable.

It is understood that no liability or responsibility for payment of any portion of the closing costs is assumed by CCC or by any CCC representative or any officer, employee, or agency of the United States Department of Agriculture.

Signature of loan applicant

Address of loan applicant

--*

Continued on the next page

--117 Closing Loans Secured by Real Estate (Continued)--**B**
Example of
CCC-296

County Offices shall obtain certification from the attorney selected for loan closings by using the following CCC-296 or a similar form approved by the Regional Attorney.

REPRODUCE LOCALLY. Include form number and date on reproductions.		Form Approved - OMB No. 0560-0204							
CCC-296 (10-13-00)		U.S. DEPARTMENT OF AGRICULTURE Commodity Credit Corporation							
FARM STORAGE FACILITY LOAN PROGRAM CERTIFICATION OF ATTORNEY									
TO: <div style="border: 1px solid black; padding: 5px; width: fit-content; margin: 10px auto;"> Mr. John B. Lawyer 448 State Street UpDown, NY 55555 </div>		<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="padding: 2px;">1. NAME OF LOAN APPLICANT</td> <td style="padding: 2px;">John G. Farmer</td> </tr> <tr> <td style="padding: 2px;">2. AMOUNT OF LOAN</td> <td style="padding: 2px;">\$66,000</td> </tr> <tr> <td style="padding: 2px;">3. LOAN NUMBER</td> <td style="padding: 2px;">2000/00010</td> </tr> </table>		1. NAME OF LOAN APPLICANT	John G. Farmer	2. AMOUNT OF LOAN	\$66,000	3. LOAN NUMBER	2000/00010
1. NAME OF LOAN APPLICANT	John G. Farmer								
2. AMOUNT OF LOAN	\$66,000								
3. LOAN NUMBER	2000/00010								
<p>You have been selected by the Loan Applicant in Item 1 to prepare a title opinion, to obtain a commitment for a mortgage policy of title insurance and/or to handle the loan closing in connection with a Commodity Credit Corporation (CCC) loan application filed by his party. If you desire to do this work, please complete the bottom portion of this form and return it to this office immediately. You are cautioned not to begin work on this case until you are notified by the CCC official that based on the information presented you have been approved by CCC.</p>									
4. SIGNATURE OF CCC OFFICIAL		DATE <div style="border: 1px solid black; padding: 2px; text-align: center;">09/30/00</div>							
<p>I hereby certify that I am a practicing attorney, a member in good standing of the bar of the State of _____.</p> <p>I will provide title clearance through the use of:</p> <p><input type="checkbox"/> a title opinion; or</p> <p><input type="checkbox"/> a title insurance policy. When issuing a title insurance policy, that includes a closing protection letter, liability insurance and a fidelity bond are not required.</p> <p>I am currently covered by Lawyer's Professional Liability Insurance in the amount \$ _____ per occurrence issued by _____ The deductible is \$ _____.</p> <p>The policy number is _____. Coverage expires on _____.</p> <p>I and all of my employees and associates having access to the funds involved in a CCC loan are currently covered by a fidelity bond in an amount <u>not less than</u> the amount of the subject loan.</p>									
5. SIGNATURE OF ATTORNEY		DATE							
<input type="checkbox"/> APPROVED		<input type="checkbox"/> NOT APPROVED							
6. SIGNATURE OF CCC OFFICIAL		DATE							
<p>NOTE: The following statement is made in accordance with the Privacy Act of 1974 (5 USC 552a) and the Paperwork Reduction Act of 1995, as amended. The authority for requesting the following information is 7 CFR Part 1436, Title 7, Code of Federal Regulations and the Commodity Credit Corporation Charter Act, 15 U.S.C. 714 et seq. The information will be used to meet security requirements for CCC financing for farm storage and drying equipment. Furnishing the requested information is voluntary; however, without it CCC financing under the program cannot be provided. This information may be provided to other agencies enforcing the provisions of the Act, IRS, Department of Justice, or other State and Federal Law enforcement agencies, and in response to a court magistrate or administrative tribunal. The provisions of criminal and civil fraud statutes, including 18 USC 266, 267, 371, 641, 651, 1001, 15 USC 714m, and 31 USC 3729, may be applicable to the information provided.</p> <p>According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0560-0204. The time required to complete this information collection is estimated to average 5 minutes per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. RETURN THIS COMPLETED FORM TO YOUR COUNTY FSA OFFICE.</p> <p><small>The U.S. Department of Agriculture (USDA) prohibits discrimination in all its programs and activities on the basis of race, color, national origin, gender, religion, age, disability, political beliefs, sexual orientation, and marital or family status. (Not all prohibited bases apply to all programs.) Persons with disabilities who require alternative means for communication of program information (Braille, large print, audiotape, etc.) should contact USDA's TARGET Center at (202) 720-2600 (voice and TDD). To file a complaint of discrimination, write USDA, Director, Office of Civil Rights, Room 326-W, Whitten Building, 1400 Independence Avenue, SW, Washington, D.C. 20250-9410 or call (202) 720-5964 (voice or TDD). USDA is an equal opportunity provider and employer.</small></p>									

Continued on the next page

--117 Closing Loans Secured by Real Estate (Continued)--**C
Requesting
CCC-299**

County Offices shall direct applicants to request a title opinion when, in consultation with the Regional Attorney, the State Office determines that the use of title insurance is not:

- available
- feasible for the loan
- feasible for the State or the area of the State where the loan will be closed.

Title opinions shall be requested using the transmittal of title information in subparagraph D and CCC-299 as follows.

REPRODUCE LOCALLY. Include form number and date on reproductions.		Form Approved - OMB No. 0560-0204	
CCC-299 (05-25-00)	U.S. DEPARTMENT OF AGRICULTURE Commodity Credit Corporation	1. STATE CODE 05	2. COUNTY CODE 017
TITLE OPINION - FARM STORAGE FACILITY LOAN PROGRAM (See Reverse for Privacy Act and Public Burden Statements)		3. SERIAL NUMBER 2000/00010	
PART A - PRELIMINARY TITLE OPINION			
TO THE TITLE EXAMINER: John G. Farmer, 844 Any Street, Uptown, NY 55555 (Applicant's Name and Address)			
_____ has applied for a loan under the Farm Storage Facility Loan Program. The loan would be secured by a FIRST LIEN <input checked="" type="checkbox"/> SECOND LIEN <input type="checkbox"/> , subject only to the prior lien of _____ , against the real property described on the attached schedule.			
PART B - CERTIFICATION OF TITLE EXAMINER			
Based on my examination of the title to the real estate described on the attached schedule, I am of the opinion that the above-named person can convey the lien indicated above, SUBJECT ONLY TO:			
a. Taxes and assessments not yet due.			
b. Outstanding oil and mineral rights.			
c. Easements and rights of way which do not affect the construction or utility of said storage or drying facilities.			
AND FURTHER SUBJECT TO the joinder, release or subordination of the following described persons or interests:			
4. NAME OF TITLE EXAMINER		5. THIS TITLE IS CERTIFIED TO AS OF _____ (Month and Day) (Year)	
PART C - FINAL TITLE OPINION			
RE: Mortgage, deed of trust, or other security instrument executed in favor of the Commodity Credit Corporation, described as follows:			
_____, duly filed for record in the county of _____, (Mortgagor(s)) (Month & Day) (Year)			
State of _____ on the _____ day of _____, _____, and recorded in Book _____ Page _____ (Month) (Year)			
Recorder's document or filing number _____ (Show either book and page or document number.)			
I certify that the above described instrument constitutes a valid FIRST LIEN <input type="checkbox"/> SECOND LIEN <input type="checkbox"/> , against the real property described on the attached schedule, subject only to Exceptions a through c above.			
6. TITLE EXAMINER'S NAME AND ADDRESS		7. DATE OF CERTIFICATION	
NOTE TO TITLE EXAMINER: All actions necessary to remove, eliminate, or cure defects and objections or to satisfy or discharge items and encumbrances must be completed before the final opinion portion of this document is executed.			
PART D - COUNTY OFFICE INFORMATION			
7A. SIGNATURE OF FSA COUNTY OFFICE OFFICIAL		8. FSA COUNTY OFFICE NAME AND ADDRESS (Including ZIP Code) TELEPHONE NUMBER: ()	
7B. TITLE			
7C. DATE			

--117 Closing Loans Secured by Real Estate (Continued)--

D

**Transmittal of
Title Information**

To transmit information and documents to approved closing agents or title insurance companies for title clearance and loan closing services, County Offices shall issue the following letter or a similar one that is approved for use by the Regional Attorney.

Date _____

(Insert complete name of closing agent or title insurance company)
(Address)

You have been selected by an applicant for a Commodity Credit Corporation loan to perform the title work and loan closing of this transaction in connection with the loan application identified below. The following documents are enclosed for preparation of a title opinion or a commitment for a mortgagee policy of title insurance and other handling in accordance with 7 CFR Part 1436.

- 1) Name of applicant _____
 Address _____
 Telephone number _____
 Marital status _____
 Name of spouse (if applicant is married and spouse is not an applicant) _____
 Loan number _____

2) Proposed insured - Commodity Credit Corporation

The real estate security for the loan - all of the land described in paragraph 3.

Required lien position - CCC requires a first lien on the land described. If that is not possible, a junior lien may be taken that secures the loan amount.

Amount of loan - \$_____

Type of loan - Farm Storage Facility Loan

Type and purpose of financing - The loan is being made to provide financing for the construction and/or installation of a farm storage facility on the land described in paragraph 3.

Interest rate - _____%

Repayment period - 7 years.

Continued on the next page

--117 Closing Loans Secured by Real Estate (Continued)*D
Transmittal of
Title Information
(Continued)****3) Other information and documents attached: (provide as applicable)**

- a) legal description of land: (attach copy of deed or deed of trust if available)
- b) CCC-186, Promissory Note and Security Agreement
- c) Deed of trust or mortgage
- d) contractor release of liability
- e) CCC-297, Severance Agreement (if applicable)
- f) subordination agreement
- g) agreement with prior lienholder
- h) CCC-299, Title Opinion - Farm Storage Facility Loan Program
- i) other documents _____.

4) Requirement of title insurance commitment: (if applicable)

a) Alterations and omissions: If the required information is altered or omitted, the approving official is not authorized to accept the commitment, but must return it for completion.

b) Property description: The approved attorney or title insurance company must review the legal description of the land to ensure that the legal description and recital of all encumbrances, reservations, exceptions, and defects are complete and accurate. If a water right is to be included in the security for the loan, the approved attorney or title insurance company must also attach a full legal description of the water right followed by a recital of all encumbrances, reservations, exceptions, and defects. Land of water rights may be described by reference to a legally adequate description contained in the recorded instrument. A copy of this instrument must be provided to CCC for review before closing. If the description of the property is not legally adequate, the deficiency must be listed as a title defect and the necessary curative action must be included on CCC-299, Part B or in the commitment.

c) Encumbrances, reservations, exceptions, and defects mean all matters that would prevent CCC from obtaining the required lien on the property. These include, but are not limited to, liens; taxes and assessments; leases; easements; covenants; conditions; restrictions; reservations; rights relating to mineral oil, gas, geothermal, timber, and water rights; prior sales of part of the property, judgment, probate proceedings, bankruptcy proceedings, or pending court actions in Federal and State courts; other matters of record that affect title to the real property or the ability of the buyer to convey title or the seller to accept title; and legally inadequate property descriptions.

--*

Continued on the next page

D
Transmittal of
Title Information
(Continued)

d) Scope of search: The approved attorney or title insurance company will determine:

- 1) all owners of record of the real property
- 2) whether there are any outstanding encumbrances, reservations, exceptions, and defects on the real property as outlined in paragraph c above
- 3) if a water right is to be included in the security for the loan (the attorney or title insurance company will attach a full legal description of the water right)
- 4) if there are any liens or recorded claims that would prevent CCC from obtaining an enforceable mortgage lien of the required priority on the security property. Title examination will include searches of records, or certificates from the clerks of appropriate State courts, Federal bankruptcy courts, and United States district courts, for the period determined necessary by local custom, to issue a title opinion or title insurance policy.

e) Homestead property: If a lien is being taken on homestead property, the necessary steps to take a valid lien on homestead must be taken and completed.

f) Title exceptions: Complete legal descriptions of encumbrances, reservations, exceptions, and defects must be provided to CCC upon request.

g) Prohibited title exceptions: The following title exceptions are not allowed and must be removed from the commitment before the issuance of the mortgagee policy:

- 1) liens unless CCC is taking a junior lien
- 2) the possibility of reverter
- 3) the possibility of the failure of title
- 4) homestead or homestead rights
- 5) lack of the right of access, and
- 6) any exception that may adversely affect the title to the security property, suitability of the security property, value of the security property, or successful use and/or operation of the security property.

Continued on the next page

***--117 Closing Loans Secured by Real Estate (Continued)**

**D
Transmittal of
Title Information
(Continued)**

5) Other instructions: (insert applicable instructions, such as for homestead designations or lien requirements)

a) Lien priority: (include the applicable requirement)

CCC requires a first lien on the real estate security. All prior mortgagees or other lienholders must provide a subordination of their respective prior liens to CCC on a form acceptable to CCC. The subordination agreements must be recorded.

CCC does not require a first lien, but will accept a junior lien position at least equivalent to the loan amount. All prior mortgagees must also provide a severance agreement on CCC-297.

b) Severance agreement, if applicable, from borrowers and other owners: Other persons or entities who own an interest in the real estate security, but who are not applicants and who will not be signing the promissory note, must sign CCC-297, Severance Agreement. Obtain CCC-297 from borrowers unless OGC waives the requirement.

c) Agreement with prior lienholder: (if required by the Regional Attorney) All prior mortgagees and other lienholders must provide an agreement with prior lienholder.

d) Contractor release of liability: The contractor must certify that all materials and labor have been paid in full, or in the case of partial payment, has agreed to joint disbursement of the loan on CCC-191.

e) other (as applicable).

CCC Representative

--*

Continued on the next page

--117 Closing Loans Secured by Real Estate (Continued)--**E****Notification of
Loan Closing**

County Offices shall use the following letter to notify applicants of conditions to be met and information to be provided before establishing a date for loan closing.

NOTIFICATION OF LOAN CLOSING

Date: _____

(Insert name and address of loan applicant)

Your Commodity Credit Corporation (CCC) loan under the Farm Storage Facility Loan Program will be closed soon. To schedule a closing date, you must complete and comply with the items below and return this letter to CCC at the above address by (insert applicable date).

Your loan approval was based on annual farm income, off-farm income, and farm expenses before the date of loan approval. If these amounts have changed since the time of approval or your farm operation size has changed, please contact the County Office.

If you have incurred any debts since (insert date of loan approval) that have an unpaid balance of more than \$500, please list these debts below:

<u>To whom owed:</u>	<u>Amount:</u>	<u>Security:</u>	<u>Monthly payment:</u>
----------------------	----------------	------------------	-------------------------

Provide the closing agent with a standard all peril structural insurance policy insuring the farm storage facility, effective not later than the date of loan closing, and listing CCC as a loss payee. Failure to provide proof of insurance will delay closing of your loan.

CCC requires an inspection of the storage facility before loan closing. Annual inspections will also be done to protect the security interest of CCC.

(Insert other information required for closing)

You will be notified of the time and place of loan closing and any other specific requirements to be met. You will be required to provide \$ (insert the closing cost and the amount of required downpayment that has not been paid) of your personal funds at loan closing. If you are unable to comply with the above requirements, please notify the County Office immediately.

Signature and title of CCC representative

Enclosures:

I certify that the information provided by me on this letter is accurate. I have reviewed the instructions given by the CCC representative and understand that I must meet the conditions outlined.

Signature of applicant

Date

--117 Closing Loans Secured by Real Estate (Continued)--

F

**Loan Closing
Instructions**

County Offices shall prepare the following letter, or a similar one that is approved for use in the State by the Regional Attorney, to transmit loan closing instructions to the approved closing agent, attorney, or title insurance company.

Date: _____

(Insert complete name of closing agent or title insurance company)

(Address)

Reference is made to the transmittal of title information for a Commodity Credit Corporation (CCC) Farm Storage Facility Loan to (insert name of applicant and loan number). The requirements of that letter are incorporated by reference. Please notify the County Office when closing can occur and any loan checks intended for this transaction will be forwarded. Loan checks must be handled according to enclosed instructions.

Please notify the applicant of all loan closing requirements and arrange for closing not later than 5 workdays after the date of the loan check. If the loan is not closed by that date, return the loan check to the County Office.

If applicable, CCC requirements regarding the exceptions in the commitment for the title insurance mortgagee policy number _____ dated _____, _____ are as follows:

(check items that apply)

Number _____ must be removed.

Number _____ must be subordinated to the lien of CCC that will be created at loan closing.

Number _____ may remain ahead of the lien of CCC that will be created at loan closing.

Number _____ must be changed as follows:

The requirements below must be met at or before loan closing: (provide applicable information)

Applicant to provide proof of one-year all peril structural insurance policy showing CCC as mortgagee or loss payee.

Other: (other applicable requirements that have not been met, such as crop insurance)

Loan funds plus \$_____ of borrower's personal funds required by CCC to be deposited in escrow with you will be disbursed as follows:

Pay \$_____ to _____

Pay \$_____ to _____

Pay \$_____ to _____

Pay \$_____ to _____

Pay a sum not exceeding \$_____ for borrower's closing costs.

--117 Closing Loans Secured by Real Estate (Continued)--**F
Loan Closing
Instructions
(Continued)**

Additional information and instructions:

A copy of the loan closing statement signed by you, CCC-186, Promissory Note and Security Agreement, and all other executed documents required for loan closing to be returned to the County Office within one day after the loan is closed. As soon as possible, after closing, provide to the County Office the final mortgagee policy of title insurance and the recorded mortgage or deed of trust.

CCC representative

Date

Loan Closing Statement
(to be completed by approved closing agent, attorney, or title insurance company)

I certify that the subject loan was closed on (insert date) _____ in accordance with written directions received from CCC. Enclosed are properly executed forms in connection with loan closing.

- ____ 1. Original CCC-186, Promissory Note and Security Agreement
- ____ 2. Original, recorded mortgage or deed of trust
- ____ 3. Original, recorded CCC-297, Severance Agreement, from each prior mortgagee or other lienholder
- ____ 4. Original, recorded CCC-297, Severance Agreement, signed by each person or entity who owns an interest in the land, but who did not sign CCC-186
- ____ 5. Original, recorded subordination agreements from each mortgagee or other lienholder who holds an existing lien on the land (as required)
- ____ 6. Original contractor certification or release of liability
- ____ 7. Copy of the loan closing settlement statement
- ____ 8. Proof of all peril structural insurance
- ____ 9. Other:

Signature of approved closing agent, attorney, or title insurance company

Title

Date

For CCC use only:

I have examined the loan closing documents and determined that the loan was properly closed in accordance with the instructions provided.

CCC representative

Date

118 CCC-297, Severance Agreement

A

**When CCC-297
Is Required**

To sever FSFL storage structure collateral from real estate, County Offices shall obtain CCC-297 from:

- prior or superior lien holders including FSA
 - the borrower.
-

B

**When CCC-297
Is Not Required**

CCC-297 is not required if:

- collateral is considered a nonfixture
 - *--an FSFL loan is secured by a first lien on the underlying real estate--*
 - the Regional Attorney waives the requirement for a severance agreement because State law makes using such an agreement unnecessary.
-

C

**State Office
Action**

State Offices shall:

- request changes and instructions to CCC-297 from the Regional Attorney
 - make CCC-297 a State form
 - provide a copy to PSD.
-

D

**County Office
Action**

County Offices shall:

- for loans where a real estate lien is
 - required, inform the applicant that he or she must obtain a CCC approved attorney for title clearance
 - **Note:** The attorney should perform all lien searches.
 - not required, conduct a real estate lien search to identify holders of liens on real estate underlying the intended storage facility to determine whether severance agreements must be obtained
 - when obtained, file the severance agreement in the appropriate county real
 - *--estate records unless the Regional Attorney waives the filing requirement.--*
-

Continued on the next page

118 CCC-297, Severance Agreement (Continued)

E

STC Action

STC's may enter into blanket CCC-297's with lenders if CCC-297's are approved by the Regional Attorney.

119 Real Estate Lien Instruments

A

Security Instruments

State Offices shall develop a real estate lien instrument in consultation with their Regional Attorney. The security instrument may be a real estate mortgage, deed of trust, or other type of instrument. The security instrument must be used for all *--loans to be secured with real estate. CCC-193 is a real estate mortgage available for FSFLP.--*

B

Signatures

*--For a lien on real estate, all of the following shall sign the instrument:

- the borrower
 - all persons or entities having an ownership interest in the applicable real estate--*
 - the borrower's spouse shall also sign the instrument in States where spousal signatures are required by statute.
-

C

Closing Agent Action

The closing agent shall:

- prepare the instrument
 - file or record the original document according to State law.
-

D

County Office Action

County Offices shall:

- file a copy of the instrument in the loan folder
 - provide a copy of the instrument to the borrower
 - record the filing date, place, book, and page number on the County Office copy.
-

Continued on the next page

119 Real Estate Lien Instruments (Continued)

E

Land Already Encumbered

If CCC requires a first lien and the land is already encumbered or subject to a prior lien, the County Office shall advise the closing agent that a subordination agreement shall be recorded making CCC's lien a first lien on the real estate where the facility is to be located.

Exception: See subparagraph 14 C.

--CCC-194 is a subordination agreement that may be used for FSFL purposes.--

F

Lien Provisions

The lien on the site on which the facility is to be located must:

- contain an exact legal description of the site
 - grant CCC access rights to the property.
-

G

Fees

The borrower shall pay all title fees, applicable lien search fees, and the cost of filing or recording real estate liens before or at loan closing.

120 (Reserved)

121 Final Review of Cost Documents

A
Acceptable Cost Documents

County Offices shall review:

- final evidence of total cost
- proof of downpayment
- payment of amounts in excess of the loan.

Note: Evidence must be signed and dated by the seller.

B
Examples of Acceptable Evidence

The following are examples of acceptable evidence of cost documents:

- a sales document or receipt, which is signed and dated by the seller
- a certification, which is signed and dated by the seller or provider of services
- a canceled check, which is supported by a signed and dated sales document
- a receipt, which is signed and dated by the seller or provider of services
- copies or facsimiles of documents with the seller's original signature and date.

***--Note:** Seller signatures on sales documents are not required if CCC-191 is on file for an amount equal to the sales document amounts.--*

Continued on the next page

121 Final Review of Cost Documents (Continued)

C**County Office
Action**

County Offices shall:

- *--date-stamp original evidence, make a copy for the loan folder, and return original evidence to the borrower--*
 - request applicant to provide any additional information or documentation considered necessary to support costs or downpayment
 - verify evidence with sellers, if necessary
 - obtain COC reconsideration if final review indicates that:
 - final costs exceed costs on which COC approval was based
 - final documentation includes items not in the original approval
 - ensure that all necessary actions and forms have been completed
 - calculate the amount to be disbursed according to paragraphs 15 and 16.
-

D**Trade in
Allowances**

County Offices shall not allow trade in allowances.

Example: Borrower has an old grain dryer he or she values at \$1,000 to

- trade in to the storage bin distributor
 - use towards the downpayment.
-

Continued on the next page

121 Final Review of Cost Documents (Continued)

E
Release of
Liability

To protect CCC from mechanic's lien, County Offices shall obtain CCC-191 from the primary contractor for storage and handling facility construction projects. The following is an example of CCC-191.

*__

REPRODUCE LOCALLY. Include form number and date on reproductions.		Form Approved - OMB No. 0560-0204
CCC-191 (05-25-01)		
U.S. DEPARTMENT OF AGRICULTURE Commodity Credit Corporation		
FARM STORAGE FACILITY LOAN PROGRAM RELEASE OF LIABILITY		
<p>NOTE: The following statement is made in accordance with the Privacy Act of 1974 (5 USC 552a) and the Paperwork Reduction Act of 1995, as amended. The authority for requesting the following information is 7 CFR Part 1436, Title 7, Code of Federal Regulations and the Commodity Credit Corporation Charter Act, 15 U.S.C. 714 et seq. The information will be used to determine the amount of a loan. Furnishing the requested information is voluntary. Failure to furnish the requested information will result in delays to disburse a loan. This information may be provided to other agencies, IRS, Department of Justice, or other State and Federal Law enforcement agencies, and in response to a court magistrate or administrative tribunal. The provisions of criminal and civil fraud statutes, including 18 USC 286, 287, 371, 841, 651, 1001; 15 USC 714m; and 31 USC 3729, may be applicable to the information provided.</p> <p>According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0560-0204. The time required to complete this information collection is estimated to average 15 minutes per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. RETURN THIS COMPLETED FORM TO YOUR COUNTY FSA OFFICE.</p>		
1. APPLICANT'S NAME AND ADDRESS (Include ZIP Code) Clark Farms, Inc. 282 State Route 245 Penn Yan, NY 14527 TELEPHONE NUMBER: (315) 536-8989		2. CONTRACTOR'S NAME AND ADDRESS (Include ZIP Code) Acme Grain Systems Company 114 Hicks Street Penn Yan, NY 14527 TELEPHONE NUMBER: (315) 536-7281
I hereby acknowledge the receipt of <u>thirty-four thousand, four hundred eighteen</u> dollars (\$ <u>34,418</u>) in full/partial payment of my contract dated <u>07-01-90</u> for improvement work which I did for you and which is described in my contract. (When payment towards part of the total cost has been made by the loan applicant as evidenced by the final cost data on file in the County FSA Office, the remaining cost will be covered by joint disbursement of the loan.)		
I certify that there are no claims against me under this contract on account of injuries sustained by workers employed by me or by subcontractors thereunder. I hereby release the loan applicant and the Commodity Credit Corporation (CCC) from any claims or liens arising by virtue of this contract		
3A. SIGNATURE OF CONTRACTOR /s/ Phil Morehouse		3B. DATE 09-30-00
<p align="center">WARNING</p> <p>The statements and representations made above are made in connection with construction financed in whole or in part by the Commodity Credit Corporation (CCC), United States Department of Agriculture (USDA). The statements and representations will be used to determine the release of USDA provided funds. The making of any false statement or misrepresentation herein may be a crime punishable under Title 18 U.S.C. §1001 which provides in part: "Whoever, in any matter within the jurisdiction of any department or agency of the United States knowingly and willfully falsifies, conceals or covers up by any trick, scheme, or device a material fact, or makes any false, fictitious or fraudulent statements or representations, or makes or uses any false writing or statement or entry, shall be fined under [Title 18 of the United States Code] or imprisoned not more than five years, or both."</p>		
<p><small>The U.S. Department of Agriculture (USDA) prohibits discrimination in all its programs and activities on the basis of race, color, national origin, gender, religion, age, disability, political beliefs, sexual orientation, and marital or family status. (Not all prohibited bases apply to all programs.) Persons with disabilities who require alternative means for communication of program information (Braille, large print, audiotape, etc.) should contact USDA's TARGET Center at (202) 720-2600 (voice and TDD). To file a complaint of discrimination, write USDA, Director, Office of Civil Rights, Room 326-W, Whitten Building, 1400 Independence Avenue, SW, Washington, D.C. 20250-9410 or call (202) 720-5964 (voice or TDD). USDA is an equal opportunity provider and employer.</small></p>		

--*

122 Inspection and Disbursement

A**Inspection**

County Offices shall:

- inspect the facility after the applicant has advised that the installation is complete
 - document the results of the final inspection in the loan folder on CCC-295A
 - document the results of the annual inspection in the loan folder on CCC-295B.
-

--B*Safety Guidelines**

FSA is committed to providing a safe environment for employees who:

- inspect newly constructed storage facilities
- perform annual inspections of existing storage facilities.

Employees shall follow safety practices according to 5-LP, paragraph 89. In addition, observe the following guidelines when performing initial and annual FSFL inspections:

- do not climb stairs or ladders unless it is necessary to visually locate handling equipment that will be collateral for FSFL and the equipment can be safely inspected
 - if climbing stairs or ladders is necessary, use proper safety equipment, if available
 - if handling equipment cannot be located, verify installation with the borrower
 - do not attempt to locate serial numbers for equipment that is inaccessible or is not in a safe location
 - document unsafe conditions on CCC-295A or CCC-295B that should be fixed by the borrower, such as loose ladders.--*
-

Continued on the next page

122 Inspection and Disbursement (Continued)

C
Example of
CCC-295A

The following is an example of CCC-295A.

REPRODUCE LOCALLY. Include form number and date on all reproductions.

CCC-295A (08-16-00)		U.S. DEPARTMENT OF AGRICULTURE Commodity Credit Corporation	
FARM STORAGE FACILITY LOAN PROGRAM FINAL INSPECTION OF FACILITY BEFORE LOAN DISBURSEMENT			
BORROWER INFORMATION			
1. NAME AND ADDRESS OF BORROWER (Include ZIP Code)		2. LOAN NUMBER	
Clark Farms, Inc. 282 State Route 243 Penn Yan, NY 14527 TELEPHONE NUMBER: (315) 536-8989		2000/0001	
INSTRUCTIONS: Review each item below. If "NO," explain deficiencies and corrective action needed in remarks.			
REQUIRED FINAL INSPECTIONS	YES	NO	REMARKS:
3. Does structure and equipment match what was approved by COC?	X		
4. Was installation properly done?	X		
5. If cost of material or equipment was certified by the borrower, does it seem reasonable?	X		
6. Is there legal access to the site?	X		
7. Locate and record serial numbers of equipment. Grain spreaders: E bin-#123456789 Middle Bin-#123456788 West Bin-#123456777			
8. ADDITIONAL REMARKS. (Indicate Item Number for each remark.) 			
9. SIGNATURE OF AGENCY OFFICIAL INSPECTING FACILITY /s/ R. Jones		TITLE CED	DATE OF INSPECTION 10/01/00

The U.S. Department of Agriculture (USDA) prohibits discrimination in all its programs and activities on the basis of race, color, national origin, gender, religion, age, disability, political beliefs, sexual orientation, and marital or family status. (Not all prohibited bases apply to all programs.) Persons with disabilities who require alternative means for communication of program information (Braille, large print, audiotape, etc.) should contact USDA's TARGET Center at (202) 720-2600 (voice and TDD). To file a complaint of discrimination, write USDA, Director, Office of Civil Rights, Room 326-W, Whitten Building, 1400 Independence Avenue, SW, Washington, D.C. 20250-9410 or call (202) 720-6964 (voice or TDD). USDA is an equal opportunity provider and employer.

Continued on the next page

122 **Inspection and Disbursement (Continued)**

D

Disbursement

County Offices shall disburse the loan as follows:

- prepare a check in APSS according to Part 8
 - disburse a check jointly to the borrower and suppliers unless there is evidence that all amounts due suppliers have been paid.
-

123 Extension of Approvals

A

Extensions That May Be Granted

Loan approvals expire 4 months after the date of approval. COC's shall:

- obtain approval from STC or STC designee to grant up to an additional 4-month extension if there are bona fide delays in construction

Note: Extensions become necessary only if the applicant has not completed construction or has not submitted all documentation required to disburse the loan. Delays in disbursing a loan within the control of CCC, such as funds obligation, do not require a request for extension from the applicant.

- grant extensions only if the borrower:
 - submits a written request for an extension by the expiration date
 - provides evidence that the application was made in good faith
 - provides evidence that lack of completion is because of reasons beyond his or her control

Examples: The following are examples of reasons beyond the borrower's control:

- delays in the delivery of parts
 - bad weather conditions
 - lack of necessary skilled labor
 - legal delays involving real estate liens.
- grant extensions only for the time necessary to complete the installation
- not grant automatic extensions
- not grant extensions when equipment has not been delivered to the farm before the approval expires.

Exception: The applicant provides a binding contract signed by the applicant and supplier proving there is a purchase commitment.

Continued on the next page

123 **Extension of Approvals (Continued)**

***--B**

**Requests for
Extensions
Beyond 8
Months**

STC's or STC designees are not authorized to grant extensions of FSFL approvals beyond 8 months from the date of original approval. Requests for waivers of this policy may be submitted to DAFP, according to subparagraph 2 B, if the request:

- meets the requirements of subparagraph A
 - is submitted according to paragraph 276.
-

124-135 **(Reserved)**

Part 8 Disbursing Loans

136 Preparing Manual CCC-186

A
Manually
Preparing
CCC-186

When APSS is not available, County Offices shall manually prepare CCC-186 as follows.

Item	Instructions
1A	Enter the State code.
1B	Enter the county code.
1C	Enter the loan number.
2	Enter the amount calculated according to paragraph 15.
3	Enter the annual interest rate in effect at time of approval.
4	Enter an approximate total finance charge. Use System 36 amortization schedule software to calculate finance charge and installment amount.
5	Enter the applicable number of annual installments.
6	Enter the installment amount.
7	Enter the borrower's name, address, and telephone number.
	Describe the collateral, where indicated.
	Describe the location of the real estate where the collateral is located, where indicated.
8	Debtor shall sign.
9	Enter the date of execution.
10A	Debtor's spouse shall sign, if required.
10B	Enter the date of spouse's signature.
11A	COC chairman or designee shall sign.
11B	Enter the title of the approving official.
12	Enter the date of disbursement.
13	Enter the County Office's name and address.
Page 2	Borrower enters initials and date at bottom of page.

Continued on the next page

136 Preparing Manual CCC-186 (Continued)

B
Example of
Manual
CCC-186

Following is an example of a manual CCC-186.

*--

REPRODUCE LOCALLY. Include form number and date on all reproductions.		Form Approved - OMB No. 0560-0204	
CCC-186 (06-20-01)		FOR FSA USE ONLY	
U.S. DEPARTMENT OF AGRICULTURE Commodity Credit Corporation		1. Loan Identification Number	
Farm Storage Facility Loan Program		A. State Code 36	B. County Code 123
PROMISSORY NOTE AND SECURITY AGREEMENT		C. Loan Number 2000/97001	
7. Debtor's Name and Address (including ZIP Code)		2. Amount Financed \$ 29,100.00	
Clark Farms, Inc. 282 State Route 245 Penn Yan, NY 14527		3. Annual Percentage Rate 6.75	
Telephone Number: (315) 536-8989		4. Finance Charge 1/ \$ 8,368.40	
		5. No. of Annual Installments 7	
		6. Installment Amount \$ 5,352.63	
		1/ Assuming installments are paid on anniversary date at the interest rate shown in Item 3 above.	
<p>The undersigned Debtor(s) jointly and severally promise to pay to the order of the Commodity Credit Corporation (CCC) the principal amount shown above as "Amount Financed," together with interest and other charges provided herein. Payment shall be in the number of equal annual installments shown above with interest at the "Annual Percentage Rate" specified above. Equal loan installments, amortized over the loan term are due and payable no later than the last day of each 12 months of the loan period. Payments shall be applied first to interest and then to principal. Payment of loan installments and interest shall be made by check, cash, money order, or by deduction from amounts due Debtor from CCC. Any delinquent amount may be deducted and paid out of any amounts due Debtor under any program carried out by any agency of the Department of Agriculture and any other agency of the United States. The Debtor waives presentment for payment, demand, protest, notice of protest, and notice of nonpayment of this note.</p> <p>Debtor hereby grants to CCC as collateral security for the payment of this note, plus interest and charges, a security interest in the following described farm storage equipment:</p> <p>3- 15,000 bushel (28' diam by 10 rings) grain storage bins with grain spreader and motor, inside and outside ladders, perforated floor with aeration system and motor, installed on concrete foundations.</p> <p>and the proceeds from any disposition of the collateral. The collateral shall not be sold without prior written authority of CCC. Such collateral is to be located upon the premises in Debtor's possession described:</p> <p>132 acre parcel of real estate 11 miles west of Penn Yan, NY, on state route 245 described in the Yates County Clerk's book of deeds number 100, page 356.</p> <p>Debtors shall grant CCC such additional security as it may require. The above provisions and those on the reverse side hereof have been read and considered by the undersigned. It is agreed that by signing this combined Promissory Note and Security Agreement, they make the representations, warranties, and agree to all the terms and conditions specified.</p>			
8A. Debtor's Signature		8B. Debtor's Identification Number	
/s/ Richard Clark, President		16 189420	
9. Date of Execution		09/01/00	
10A. Co-Debtor's Signature (if applicable)		10B. Co-Debtor's Identification Number	
		10C. Date	
11. COMMODITY CREDIT CORPORATION SECURED PARTY			
11A. By: Approving Official's Signature		13. FSA County Office Name and Address (include ZIP Code)	
/s/ Iam CED		Yates Farm Service Agency 270 Lake Street Penn Yan, NY 14527	
11B. Title		12. Date of Disbursement	
CED		09/01/00	
		Telephone Number: (315) 536-4012	
<p>NOTE: The following statement is made in accordance with the Privacy Act of 1974 (5 USC 552a) and the Paperwork Reduction Act of 1995, as amended. The authority for requesting the following information is 7 CFR Part 1436 and the Commodity Credit Corporation Charter Act, 15 USC 714 et seq. The information will be used to determine eligibility for CCC financing for farm storage and drying equipment. Furnishing the requested information is voluntary, however, without it CCC financing under the program cannot be provided. Failure to furnish the requested information will result in denial of CCC financing under this program. This information may be provided to other agencies, IRS, Department of Justice, or other State and Federal Law enforcement agencies, and in response to a court magistrate or administrative tribunal. The provisions of criminal and civil fraud statutes, including 18 USC 286, 287, 371, 641, 651, 1001; 15 USC 714m, and 31 USC 3729, may be applicable to the information provided.</p> <p>According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0560-0204. The time required to complete this information collection is estimated to average 15 minutes per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. RETURN THIS COMPLETED FORM TO YOUR COUNTY FSA OFFICE.</p> <p>The U.S. Department of Agriculture (USDA) prohibits discrimination in all its programs and activities on the basis of race, color, national origin, gender, religion, age, disability, political beliefs, sexual orientation, and marital or family status. (Not all prohibited bases apply to all programs.) Persons with disabilities who require alternative means for communication of program information (Braille, large print, audiotape, etc.) should contact USDA's TARGET Center at (202) 720-2600 (voice and TDD). To file a complaint of discrimination, write USDA, Director, Office of Civil Rights, Room 326-W, Whitten Building, 1400 Independence Avenue, SW, Washington, D. C. 20250-9410 or call (202) 720-5964 (voice or TDD). USDA is an equal opportunity provider and employer.</p>			

--*

Continued on the next page

136 Preparing Manual CCC-186 (Continued)

B
Example of
Manual
CCC-186
(Continued)

*--

CCC-186 (06-20-01) Page 2 of 2

CCC-186 TERMS AND CONDITIONS

1. The Debtor represents, covenants, and agrees that:
 - (a) The Debtor is the absolute and exclusive owner of the collateral, said collateral is free from all liens, encumbrances, or other security interests, and the Debtor will warrant and defend the collateral against the claims of all other persons.
 - (b) The Debtor will use the loan funds secured hereby for the purpose for which they are advanced and will properly care for the collateral, and keep it in good condition and available for the storing and conditioning of the applicable commodities until the loan is repaid. The Debtor will promptly pay when due all indebtedness secured hereby, all taxes, liens, and other charges assessed upon or attaching to the collateral and will not encumber the collateral, remove, sell or otherwise dispose of the collateral or of any interest therein or permit others to do so.
 - (c) Any authorized representative of CCC may at any time enter upon the premises where the collateral is located and inspect the same.
 - (d) If any amounts required herein to be paid by him or her are not paid when due, they may be paid by CCC which shall be secured for such payments and interest thereon at the applicable rate of interest then in effect. Such payments shall be due and payable to CCC immediately without demand at the office of the FSA County Committee which signed this note.
2. The Debtor certifies that the evidence furnished to the FSA County Committee as to the cost of the collateral represents the total cost of such property and that all debts on the property in excess of the amount of the loan have been paid, that he or she has read this note and security agreement and that he or she understands and agrees that the loan is made subject to and in consideration of the representations, warranties and agreements contained therein, and that this note is subject to the present regulations of CCC and to its future regulations not inconsistent with the express provisions hereof.
3. Upon default hereunder (*whether by failure to pay promptly any indebtedness or installment thereof or interest thereon, or to perform any covenants or agreements herein contained*), or if any of the Debtor's representations or warranties herein or if the loan application proves false, or upon the death, bankruptcy, insolvency, or incompetency of the Debtor or attachment or levy on collateral by any court process:
 - (a) CCC may declare the entire indebtedness secured hereby immediately due and payable. In that event, CCC may remove the collateral and sell same.
 - (b) The Debtor hereby waives all rights of notice, appraisal, compulsory disposition, exemption, and redemption he or she may otherwise have by law.
 - (c) A default will exist under any other security instrument held by CCC and executed or assumed by the Debtor on real or personal property, and default under any such other security instrument will constitute default hereunder.
4. If the collateral is acquired by CCC through foreclosure or other means, at the option of CCC and at no expense to CCC, such property shall remain on the above-described real estate for a period not to exceed six (6) months after the date of acquisition by CCC.
5. Proceeds for disposition of the collateral shall be applied first on expenses of retaking, holding, preparing for sale, selling, and for payment of reasonable attorneys' fees and legal expenses incurred by CCC, second to the satisfaction of indebtedness secured hereby, third to the satisfaction of subordinate security interests to the extent required by law, fourth to any other obligations of the Debtor owing to or insured by CCC, and fifth to the Debtor. The Debtor will be liable for any deficiency owed to CCC after such disposition of proceeds of collateral.
6. It is the intent of the Debtor and CCC that to the extent permitted by law and for the purpose of this note and security agreement the collateral covered hereby shall remain personalty and shall not be assigned to other goods.
7. If any provision of this note and security agreement is held invalid or unenforceable it shall not affect any other provisions hereof, but this note and security agreement shall be construed as if it had never contained such invalid or unenforceable provision.
8. The rights and privileges of CCC under this note and security agreement shall inure to the benefit of its successors and assigns. All covenants, warranties, representations, and agreements of the Debtor contained in this note and security agreement are joint and several and shall bind personal representatives, heirs, successors, and assigns.
9. The terms and conditions contained on this form are in addition to the applicable program regulations found at 7 C.F.R. 1436. To the extent that the terms and conditions conflict with the regulations, the regulations prevail. Additionally, the regulations and statutes applicable to CCC operations apply to this program.
10. CCC is authorized to file financing statements describing the collateral, to file amendments to the financing statements and to file continuation statements.

Debtor's Initials: _____ Date Initialed: _____
Co-Debtor's Initials: _____ Date Initialed: _____

--*

137 CCC-186-1 Continuation

A

CCC-186-1
Continuation
Sheet

County Offices shall use CCC-186-1 where additional co-debtor signatures are required.

138-149 (Reserved)

Part 9 Basic Servicing Policies

150 Collecting Installments * * *

**A
Installment
Payments**

[7 CFR 1436.13] The loan shall be repayable in equal annual installments of principal and interest amortized over the term of the loan.

Installments are due and payable no later than the last day of each 12 months of the loan period until the principal plus accrued interest has been paid in full.

***--Note:** County Offices shall process installment repayments according to Part 20.--*

**B
Method of
Payment**

The payment of each installment may be by any of the following:

- cash
- money order
- * * *
- personal, certified, or cashier's check
- setoff, when applicable.

Repayment shall be applied first to accrued interest and then to principal.

Continued on the next page

150 Collecting Installments (Continued)

C

**Reminder and
Notification Letter**

*--The following letter will be generated at Start-of-Day (SOD) each workday that is 45 calendar days from the installment due date of FSFL. If an installment due letter should be prepared on a nonworkday, the system will generate the letter the first workday after the 45 calendar days. Other letters such as demand letters, call letters, or liquidation letters must be prepared by the County Office as needed.

(Letter Date)

REMINDER AND NOTIFICATION LETTER

(Contact Borrower Name)

(Contact Borrower Address line 1)

(Contact Borrower Address line 2)

Dear (Contact Borrower Name),

Please be advised that an installment payment will be due and payable for the Farm Storage Facility Loan Program as follows.

Loan FY	Loan Number	Unpaid Loan Principal Amount	Installment Amount Due (see note below)	Installment Due Date
		\$	\$	

Note: The amount shown in "Installment Amount Due" indicates:

- the total installment amount due (principal plus interest) if paid on the due date and no partial repayment has been applied
- only the principal amount due, if a partial installment payment has been applied. Contact the County Office for the total repayment amount (principal plus interest) due on the installment.

Please send your check payable to the Commodity Credit Corporation in time to reach the office at the following address by the due date:

Commodity Credit Corporation
(office street address)
(city, State, and ZIP code)

If payment is not received before or on the due date, the amount due will be recorded for offset from any FSA or CCC payment due you. Additionally, the Commodity Credit Corporation may declare the entire indebtedness immediately due and payable. If your loan is called, foreclosure proceedings may be initiated. Under foreclosure proceedings, the collateral securing the loan may be sold and the proceeds of the sale will be applied to the outstanding amount of the loan.

Feel free to give us a call if you have any questions.

County Executive Director
For the (County Name) FSA County Committee

Continued on the next page

150 Collecting Installments (Continued)

D**Failure to Pay
Installments
Policy**

[7 CFR 1436.13] If installments are not paid by the due date, County Offices shall:

- mail a first demand letter to the contact borrower and all co-borrowers on the day after the due date describing actions that may be taken against the debtor if the installment is not paid within 30 calendar days of the date of the letter
- in addition to the first demand letter, mail 2 subsequent demand letters at 30 calendar day intervals if the installment is not paid
- collect additional interest to date of repayment

* * *

- initiate collection action against a debtor's pro rata share of payments due any entity that the borrower participates in, either directly or indirectly
- initiate collection action against related persons or entities, irrespective of the debtors share when CCC determines that the debtor has established an entity or reorganized, transferred ownership, or changed their operation for the purpose of avoiding payment of the debt
- cease collection activity until any appeal activity by the borrower is complete but withhold any FSA or CCC payments to the borrower for later offset

Note: Delinquent installments cannot be moved out of FSFLP status to claims status. This is because a portion of the outstanding principal balance is not due and because collateral that could be foreclosed upon exists.

- initiate foreclosure actions only after all efforts to collect the installment have been exhausted under delinquency policy.

Continued on the next page

150 Collecting Installments (Continued)

--E*Later Payment of an Installment**

FSA recognizes that installment due dates may not always coincide with dates by which crops are harvested and income is available. Debtors who cannot pay on the due date may request up to an additional 180 calendar days to pay an installment if they submit the following:

- a request in writing for COC consideration within 60 calendar days before or after the installment due date
- a current cash flow statement demonstrating that the installment can be paid within 180 calendar days after the due date.

Payment after the installment due date:

- does not change the system-calculated due date in APSS
- does not change the due date of the next installment
- allows debtors more time to pay an installment and allows the County Office to cease further collection action except for offset opportunities
- may be requested for each installment during the term of the loan
- requires collection of additional interest through the date of repayment of the installment.

County Offices shall:

- notify debtors of this option in the first demand letter sent the day after an installment is unpaid and subsequent letters sent within 60 calendar days of the due date
- process requests for COC approval or disapproval by obtaining:
 - the debtor's request in writing, including a reason why the installment cannot be paid on time
 - a recommendation about the debtor's ability to repay at a later date from an FSA employee with FLP loan approval authority--*

Continued on the next page

150 Collecting Installments (Continued)

*--E

**Later Payment of
an Installment
(Continued)**

- notify debtors of COC decisions in writing
 - resume collection activity according to subparagraph D if the installment is not paid by the COC-determined date
 - continue to collect payment of the installment due plus additional interest by administrative offset of any CCC payments due the borrower.--*
-

F

Demand Letters

If the installment is not paid, County Offices shall:

- mail the following demand letter to contact borrowers and all co-borrowers on the day after due date
 - in addition to the first demand letter, mail 2 subsequent demand letters at 30 calendar day intervals if the installment is not paid
 - calculate a new amount due for 30 calendar days from the date of the letter.
-

Continued on the next page

150 Collecting Installments (Continued)**F
Demand Letters
(Continued)**

*--

(Letter Date)

(Borrower Name)

(Borrower Address line 1)

(Borrower Address line 2)

Dear (Borrower Name),

Please be advised that according to the regulations at 7 CFR 1436.13 and the terms of CCC-186, Promissory Note and Security Agreement, an installment payment was due and payable for the Farm Storage Facility Loan Program on the date shown below. The installment has not been paid.

Please send your check payable to the Commodity Credit Corporation immediately for the new amount due (shown below) because of additional interest. Send your payment to the following address:

Commodity Credit Corporation
(insert office street address)
(insert City, State, and ZIP Code).

Loan Number	Date of Note and Security Agreement	Unpaid Installment Amount	Original Due Date	Amount Due 30 Days From Date of This Letter
		\$		\$

The amount due has been recorded for offset from any Farm Service Agency or Commodity Credit Corporation payment due you. Additionally, the Commodity Credit Corporation may declare the entire indebtedness immediately due and payable. If your loan is called, foreclosure proceedings may be initiated. Under foreclosure proceedings, the collateral securing the loan may be sold and the proceeds of the sale will be applied to the outstanding amount of the loan.

Feel free to give us a call if you have any questions. If for some reason, you cannot pay the amount due, contact our office immediately to discuss this situation.

(Insert as applicable according to subparagraph E.) Subject to COC approval, you may request up to 180 more calendar days after the due date to pay the installment. The request must be in writing, stating why you cannot pay the installment on time, and must be submitted with a current cash flow statement by no later than 60 calendar days after the installment due date. If approval for a later payment date is approved, CCC will continue to collect payment towards the installment due plus additional interest by administrative offset of CCC payments due you.

If you believe that you have been sent this notice in error, that the determination is in error, or that the amount due is incorrect, you have 30 calendar days from the date of this letter to request reconsideration, mediation, or an appeal. (Insert rights for reconsideration, mediation, and appeal according to 1-APP.)

You may also contact the County Office to receive a copy of the documents related to this determination.

County Executive Director
For the (County Name) FSA County Committee

150 Collecting Installments (Continued)

G
Loan
Acceleration

CCC may:

- declare the entire indebtedness immediately due and payable if the borrower:
 - violated any of the terms and conditions of the application
 - breaches any of the terms and conditions of any of the instruments executed in connection with the loan
- call the loan if the collateral is used in connection with any commercial operation, including but not limited to, elevators, warehouses, dryers, or processing plants during the life of the loan.

Note: The loan may be paid in full or in part at any time before maturity.

H
Releasing
Security

Upon payment of a loan in full, County Offices shall:

- release or obtain the release of security documents upon request by the borrower, or as otherwise required by State law
 - require the borrower to pay all release fees
 - mark the original CCC-186 “paid” and forward to the borrower after 30 calendar days from the date of repayment.
-

151 Real Estate Taxes

**A
Borrower's
Responsibility**

[7 CFR 1436.14] The borrower must:

- pay all real and personal property taxes that may affect CCC's security interest in all collateral securing the note
 - provide proof of payment of taxes to the County Office annually.
-

**B
Unpaid Taxes**

County Offices shall:

- not disburse loans when real estate taxes are not current
- monitor the real estate tax status of each borrower
- pay any unpaid taxes with respect to the collateral securing a loan when it appears CCC's security interest is in jeopardy
- bill the borrowers for the amount of the tax paid

* * *

- begin proper servicing action, such as calling the loan.
-

152 Maintenance and Liability

A

Maintenance

[7 CFR 1436.15] The borrower must maintain the loan collateral in a condition suitable for the storage of 1 or more of the facility loan commodities.

County Offices shall:

- conduct annual collateral checks of all outstanding loans
- if possible, conduct checks in conjunction with other FSA loan program collateral checks

•*--document results of check on CCC-295B--*

- ensure that CCC is listed as a loss payee on fire and flood insurance policies

Note: Structures must be insured against all perils and against flooding if the structure is located in a flood plain.

- review proof of fire and flood insurance provided to FSA by insurance companies
 - have rights of access where the facility is located according to a term in CCC-186 whether or not there is a real estate mortgage.
-

B

Liability

Until the loan has been repaid, the borrower shall be liable for all damages to or destruction of the collateral. CCC shall not assume any loss of the loan collateral.

153 **Sale or Conveyance and Assumptions**

A

Sale of Collateral [7 CFR 1436.16] The collateral securing a loan shall be sold by CCC whenever:

- CCC has called the loan and it has not been repaid
- the borrower voluntarily conveys the collateral to CCC before repaying the loan
- the borrower desires to convey other property securing the loan without repaying the loan.

Note: Before a borrower sells or conveys the facilities or other property securing a loan without repaying the loan in full, the borrower shall obtain approval for sale or conveyance from COC.

B

Assumptions An assumption of the loan may be approved by CCC.

154 **Appeals, Misaction, and Misinformation**

A

Adverse Determinations Approving authorities making adverse determinations against loan applicants and borrowers shall:

- provide mediation, reconsideration, and appeal rights according to 1-APP
 - follow procedure in 1-APP to process and act upon appeals.
-

B

Misaction and Misinformation When there is misaction, misinformation, or a situation involving the finality rule, follow procedure in 7-CP.

155-165 (Reserved)

Part 10 Deceased Borrowers and Assumptions

166 Deceased Borrowers

A

County Office Action When it is learned that an FSFL borrower has died, County Offices shall take the following action.

Step	Action
1	Notify the State Office.
2	After instructions are received from the State Office, notify the fiduciary representative of the estate using the notification letter provided by the State Office from the Regional OGC.
3	Follow the course of action to continue the loan according to instructions provided by the State Office and the Regional OGC.
4	*--Process assumptions according to paragraphs 167 and 426.--*

Continued on the next page

***--166 Deceased Borrowers (Continued)**

B

State Office

When notified of a deceased borrower by a County Office, the State Office shall take the following action.

Action

Step	Action
1	<p>Contact the Regional OGC for advice in preparing a letter that notifies the fiduciary representative of the estate that:</p> <ul style="list-style-type: none"> • there is an outstanding CCC loan • the loan is secured by a note and security agreement and, if applicable, a mortgage or deed of trust on real estate.
2	<p>Obtain advice from the Regional OGC as to the course of action CCC should take to continue the loan.</p>
3	<p>Notify the County Office of OGC's recommendations and the language of the notification letter.</p>

167 Assumptions

A

When

Assumptions are authorized when either of the following situations occur:

Authorized

- the borrower requests an assumption to convey the secured property to another eligible producer
- the borrower is deceased and an eligible heir or another eligible producer who is not liable for the loan requests an assumption.--*

Continued on the next page

--167 Assumptions (Continued)*B****County Office**

County Offices shall take the following action.

Action

Step	Action
1	Approve assumptions only for applicants who meet all of the eligibility requirements according to subparagraph 11 A.
2	Obtain new severance agreements if applicable.
3	Prepare and record new security documents to protect CCC's interest in the collateral.
4	Pay credit report, lien search, filing and recording fees according to subparagraph 14 I.
5	Collect the application fee according to paragraph 19.
6	Prepare a manual CCC-185 to document that the applicant meets the storage need.
7	Include unpaid interest in the assumed loan unless the approving committee requires payment of interest to the date of assumption.
8	Use CCC-298 to document the assumption and COC approval.
9	Require the new borrower to pay filing and recording fees according to subparagraph 14 I.
10	Require the new borrower to pay the next installment when it is due.
11	Provide releases of security to the original borrower.
12	Call the loan and require repayment in full when there is not an eligible producer to assume a loan.--*

Continued on the next page

--167 Assumptions (Continued)*C
Preparing
CCC-298**

County Offices shall prepare CCC-298 according to the following instructions.

Item	Instructions
1	State code.
2	County code.
3	Loan serial number.
4	Borrower's name, address, and telephone number that is on the current loan.
5	State where the loan is administered.
6	County where the loan is administered.
7	Legal description of where the equipment is located.
8A	Name, address, and telephone number of the buyer or survivor.
8B	County where buyer lives.
8C	State where buyer lives.
9A	Date that the original CCC-186 was executed.
9B	Principal amount of original loan.
9C	Principal amount that is unpaid.
9D	Date of the last installment.
9E	Interest rate in effect for the original loan.
10A	State where the security instrument is filed.
10B	County where the security instrument is filed.
10C	Kind of security instrument such as UCC financing statement, mortgage, or deed of trust.
10D	Date instrument was executed.
10E	Name of office where instrument was recorded.
10F	Book, volume, or document number.--*

Continued on the next page

--167 Assumptions (Continued)*C
Preparing
CCC-298
(Continued)**

Item	Instructions
10G	Page number in the book where the instrument is recorded, if applicable.
11A	Effective date of assumption.
11B	Amount of unpaid principal to be assumed.
11C	Unpaid interest to be assumed, if any.
11D	Total of items 11B and 11C.
11E	Date of next installment according to original schedule.
11F	Interest rate applicable to the original loan.
12A	Original borrower's or representative's signature and date.
12B-F	Original co-borrower's or representative's signature and date.
13A	Buyer's signature and date.
13B-F	Co-buyer's signature and date.
14	CCC representative's signature and title.
15	Name, address, and telephone number of County Office to administer the loan.--*

Continued on the next page

*--167 Assumptions (Continued)

D
Example of
CCC-298

Following is an example of CCC-298.

REPRODUCE LOCALLY. Include form number and date on reproductions. Form Approved - OMB No. 0560-0204

CCC-298 (02-23-01)		U.S. DEPARTMENT OF AGRICULTURE Commodity Credit Corporation		1. STATE CODE 36	2. COUNTY CODE 123
FARM STORAGE FACILITY LOAN PROGRAM ASSUMPTION AGREEMENT <i>(See Reverse for Privacy Act and Public Burden Statements)</i>				3. LOAN SERIAL NUMBER 2001/0001	
4. BORROWER NAME AND ADDRESS (Including ZIP Code) Clark Farms, Inc. 282 State Route 245 Penn Yan, NY 14527 TELEPHONE NUMBER: (315) 536-8989					
The farm storage, handling, or drying equipment (hereinafter called "property," described on Form CCC-186, loan serial number as above) are located as follows:					
5. THE STATE OF New York			6. THE COUNTY OF Yates		
7. LEGAL DESCRIPTION OF LOCATION OF EQUIPMENT: 11 miles west of Penn Yan, NY, on State Route 245 described in Yates County Clerk's book of deeds number 100 page 356. The Commodity Credit Corporation (hereinafter called "CCC"), an agency and instrumentality of the United States, made available funds with which to purchase, erect, remodel, construct or install said property through a loan, which is evidenced and secured by a Promissory Note and Security Agreement (Form CCC-186), or by a promissory note and deed of trust or real estate mortgage (hereinafter called "Mortgage"), executed by the Borrower to CCC, in the State and County listed in Items 5 and 6 above. The mortgage provides that if the Borrower sells said property, then CCC may declare the whole of the indebtedness at once due and payable, and take other action as set out in said mortgage. However, the Borrower desires to sell said property to the Buyer listed in Item 8A, 8B, and 8C below (hereinafter called the "Buyer").					
8A. BUYER'S NAME AND MAILING ADDRESS (Including ZIP Code) Keith Clark 300 State Route 245 Penn Yan, NY 14527 TELEPHONE NUMBER: (315) 765-9966			8B. COUNTY WHERE BUYER LIVES Yates 8C. STATE WHERE BUYER LIVES New York		
9. CCC is the holder of a note and security agreement as follows below:					
A. DATE EXECUTED 09/01/00	B. AMOUNT OF ORIGINAL LOAN \$ 29,100	C. PRINCIPAL UNPAID \$ 25,655.38	D. LAST INSTALLMENT DATE 05/01/02	E. INTEREST RATE 6.25 %	
10. The following security instruments were taken on property below:					
A. STATE New York	B. COUNTY Yates	C. KIND OF INSTRUMENT UCC-1 Financing Statement	D. DATE EXECUTED 05/18/00	E. OFFICE WHERE RECORDED Yates County Clerk	F. BOOK/VOLUME/ DOCUMENT NUMBER 2000/943
					G. PAGE NUMBER N/A
11. The buyer agrees to assume the loan as follows:					
A. EFFECTIVE DATE 05/01/02	B. UNPAID PRINCIPAL \$ 25,655.38	C. UNPAID INTEREST TO BE ASSUMED \$ 0.00	D. TOTAL OF ITEM B AND ITEM C \$ 25,655.38	E. DATE OF NEXT INSTALLMENT 09/01/02	F. INTEREST RATE 6.25 %

--*

Continued on the next page

167 Assumptions (Continued)

D
Example of
CCC-298
(Continued)

CCC-298 (02-23-01) REVERSE	
BORROWER'S AND BUYER'S AGREEMENT CERTIFICATION	
<p><i>In consideration of the assumption of indebtedness and CCC's consent to the assumption and related conveyance of security property, if applicable, the Buyer agrees to jointly and severally assume liability and agrees to pay the entire unpaid indebtedness with the rates and terms stipulated in the debt and security instruments listed above.</i></p> <p><i>The provisions of said debt and security instruments and any outstanding agreements executed or assumed by the present debtors shall remain in full force and effect the same as if they had executed them as of the dates thereof as principal obligors.</i></p>	
12A. BORROWER'S SIGNATURE	DATE
/s/ Richard Clark for Clark Farms, Inc.	04/01/02
12B. CO-BORROWER'S SIGNATURE	DATE
12C. CO-BORROWER'S SIGNATURE	DATE
12D. CO-BORROWER'S SIGNATURE	DATE
12E. CO-BORROWER'S SIGNATURE	DATE
12F. CO-BORROWER'S SIGNATURE	DATE
13A. BUYER'S SIGNATURE	DATE
/s/ Keith Clark	01/01/02
13B. CO-BUYER'S SIGNATURE	DATE
13C. CO-BUYER'S SIGNATURE	DATE
13D. CO-BUYER'S SIGNATURE	DATE
13E. CO-BUYER'S SIGNATURE	DATE
13F. CO-BUYER'S SIGNATURE	DATE
COMMODITY CREDIT CORPORATION SECURED CREDITOR	
14. COMMODITY CREDIT CORPORATION (Secured Creditor)	15. NAME & ADDRESS OF COUNTY FSA OFFICE (Including Zip Code)
	Yates FSA 270 Lake Street Penn Yan, NY 14527
By /s/ Phillip Morehouse, CED	TELEPHONE NUMBER: (315) 536-4012
(Name and Title)	
<p>NOTE: The following statement is made in accordance with the Privacy Act of 1974 (5 USC 552a) and the Paperwork Reduction Act of 1995, as amended. The authority for requesting the following information is 7 CFR Part 1436 and the Commodity Credit Corporation Charter Act, 5 USC 714 et seq. The information will be used to determine eligibility for CCC financing for farm, storage and drying equipment. Furnishing the requested information is voluntary; however, without it CCC financing under the program cannot be provided. Failure to furnish the requested information will result in denial of CCC financing under this program. This information may be provided to other agencies, IRS, Department of Justice, or other State and Federal Law enforcement agencies, and in response to a court magistrate or administrative tribunal. The provisions of criminal and civil fraud statutes, including 18 USC 286, 287, 371, 641, 651, 1001; 15 USC 714m; and 31 USC 3729, may be applicable to the information provided.</p> <p>According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0560-0204. The time required to complete this information collection is estimated to average 15 minutes per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. RETURN THIS COMPLETED FORM TO YOUR COUNTY FSA OFFICE.</p> <p>The U.S. Department of Agriculture (USDA) prohibits discrimination in all its programs and activities on the basis of race, color, national origin, gender, religion, age, disability, political beliefs, sexual orientation, and marital or family status. (Not all prohibited bases apply to all programs.) Persons with disabilities who require alternative means for communication of program information (Braille, large print, audiotape, etc.) should contact USDA's TARGET Center at (202) 720-2600 (voice and TDD). To file a complaint of discrimination, write USDA, Director, Office of Civil Rights, Room 326-W, Whitten Building, 1400 Independence Avenue, SW, Washington, D.C. 20250-9410 or call (202) 720-5964 (voice or TDD). USDA is an equal opportunity provider and employer.</p>	

168-171 (Reserved)

--Part 11 Bankruptcy*172 Bankruptcy Actions**

A**Notification**

After notification by a bankruptcy court that a borrower is filing for bankruptcy, County Offices shall:

- send a copy of the notice of filing to the State Office for forwarding to the Regional OGC
 - not take any action:
 - to possess or sell the collateral
 - prohibited by the Bankruptcy Code
 - obtain advice from OGC through the State Office before taking any action against the person or property filing a petition for bankruptcy.
-

B**Reorganization Plans**

After the court notifies either the State or County Office that a confirmed plan of reorganization has been approved and the terms and conditions of CCC-186 and supplemental documents are changed by court order, County Offices shall:

- maintain the loan in loan status
 - accept repayments according to the reorganization plan
 - refer the claim to OGC for legal action if a borrower defaults on the payment schedule or any provision of the court approved plan.--*
-

Continued on the next page

***--172 Bankruptcy Actions (Continued)**

C

Selling Collateral

If the bankruptcy court authorizes CCC to sell the collateral, rather than accepting payments according to a reorganization plan, County Offices shall:

- ask borrower to sign CCC-400:
 - prepared according to paragraph 202
 - revised with OGC advice
 - sell loan collateral according to Part 13
 - apply sales proceeds to the outstanding loan amount
 - if sales proceeds exceed the amount due CCC, issue CCC-184 to the producer
 - transfer unpaid loan balance to claims if:
 - there is an unpaid loan balance
 - collateral has been sold
 - the loan has been discharged by the bankruptcy court.--*
-

173-179 (Reserved)

--Part 12 Calling and Liquidating Loans*180 Calling Loans**

A**Basis for Calling**

COC shall call outstanding FSFL's and declare entire debt due and payable when any of the following apply:

- the borrower:
 - has not paid an installment when due
 - has not requested deferral of an installment
 - has made representations or warranties about the loan that prove to be false
 - does not comply with any covenants or agreements in connection with the loan or in the application for a loan
 - dies or becomes incompetent and there is no one to continue the loan
 - abandons the loan collateral and has not repaid the loan or authorized CCC to sell the loan collateral
- the loan collateral is relocated without COC approval
- the mortgaged property is attached or levied by execution, decree, or other court process
- CCC has sound reasons to consider itself insecure about the loan.

Example: The condition of the loan collateral, such as a storage structure, has deteriorated to the extent it has little or no value, and there are several years remaining on the loan term.--*

Continued on the next page

***--180 Calling Loans (Continued)**

B

COC Action

COC shall:

- follow subparagraph A when considering calling loans to protect CCC's interests
 - take action to call any loan approved by COC
 - provide recommendations by memorandum to STC to call any loan approved by STC.
-

C

Potential Violations

If the reasons for calling the loan involve potential civil or criminal violations, County Offices shall:

- report the case to OIG through the State Office
 - provide a full statement of the facts of the case with applicable documentation through the State Office to OIG
 - recommend administrative action
 - take action after receiving legal advice from OGC.
-

D

Notifying Borrower

Upon final determination to call a loan, County Offices shall:

- notify the borrower using the letter in subparagraph E
 - file a copy of the letter in the loan folder.--*
-

Continued on the next page

180 Calling Loans (Continued)

E**Preparing Call Letter**

Prepare the following call letter for **all** borrowers who signed CCC-186 and file a copy in the loan folder. Send the call letter by certified mail, return receipt requested, 31 calendar days after the date of the last demand letter sent according *--to subparagraph 150 F, if:

- an installment due has not been paid in full--*
- there has been a violation of the terms and conditions of CCC-186 or the regulations at 7 CFR Part 1436.

Note: Modify the call letter to explain violations, as applicable.

(Date)
(Borrower Name)
(Borrower Address line 1)
(Borrower Address line 2)

Dear (Borrower Name),

Our (insert date) letter advised you that an installment payment was due and payable for the Farm Storage Facility Loan Program as follows.

Loan Number	Date of Note and Security Agreement	Unpaid Principal Amount	Amount of Installment Due	Date Installment Due
		\$	\$	

You were also advised that the entire loan amount would be called if you did not take action by (insert date). Since you have not taken any action to pay the amount due, the entire loan plus interest is now due and payable. This entire amount is subject to setoff from any Agency of the U. S. government.

If you do not take action to pay the entire loan plus interest by (insert 30 days from the date of this letter), in the amount of (insert amount due), action will proceed on behalf of the Commodity Credit Corporation to take possession of the farm storage facility and equipment under loan. Under foreclosure proceedings, the collateral securing the loan may be sold and the proceeds of the sale will be applied to the outstanding amount of the loan.

Please send your check payable to the Commodity Credit Corporation to the County Office at the following address by the date due.

Commodity Credit Corporation
(insert office street address)
(insert City, State and ZIP code)

If you believe that you have been sent this notice in error, that the determination is in error, or that the amount due is incorrect, you have 30 calendar days from the date of this letter to request in writing, reconsideration, mediation, or an appeal. (Insert rights for reconsideration, mediation, and appeal according to 1-APP.)

You may also contact the County Office to receive a copy of the documents related to this determination.

County Executive Director
For the (County Name) FSA County Committee

***--181 Liquidation Actions**

A

**Payment Not
Received**

When a loan is called and payment is not received within 30 calendar days from the date of the letter in subparagraph 180 E, County Offices shall:

- consult as needed with the regional OGC through the State Office
 - send the liquidation letter in subparagraph C and a copy of the promissory note
 - not establish a claim until CCC has disposed of loan collateral according to Part 13.
-

B

**Borrower
Options**

County Offices shall explain the following options to the borrower:

- voluntarily agree to allow removal of the collateral to facilitate sale by signing CCC-400, according to subparagraph 202 A
 - object to removal of collateral and require formal court foreclosure before collateral can be sold and removed.--*
-

Continued on the next page

--181 Liquidation Actions (Continued)*C****Preparing
Liquidation
Letter**

If the loan amount plus interest is not paid, prepare the following liquidation letter:

- to **all** borrowers who signed CCC-186
- by certified mail, return receipt requested
- with CCC-400 enclosed and prepared according to subparagraph 202 A
- 30 calendar days after the date the call letter was sent according to subparagraph 180 E
- with a copy to the loan folder.

(Date)

(Borrower Name)

(Borrower Address line 1)

(Borrower Address line 2)

Dear (Borrower Name),

Our (insert date) letter advised you that since you have not complied with the terms of your Farm Storage Facility Loan (FSFL), number (insert loan number), the Commodity Credit Corporation is calling the entire loan amount plus interest. Since you have not paid the entire amount due by the date specified, CCC must now take action to take possession of the storage facility and any other collateral used to secure the loan.

The storage facility and any other collateral used to secure the loan will be sold. The proceeds will be applied to the unpaid amount of the loan plus interest. Any costs of retaking and selling the facility will be added to the debt. Any deficiency in the debt left outstanding will still be an obligation to CCC and subject to setoff from any agency of the U.S. Government.

In order to facilitate sale of the collateral, please sign the enclosed form, Agreement for Sale of Loan Collateral (CCC-400). Return it to this office within 10 days of the date of this letter. If you do not sign the form and object to the removal of collateral, a court foreclosure will proceed before collateral will be sold and removed.

If you believe that you have been sent this notice in error, that the determination is in error, or that the amount due is incorrect, you have 30 calendar days from the date of this letter to request in writing, reconsideration, mediation, or an appeal. (Insert rights for reconsideration, mediation, and appeal according to 1-APP.)

You may also contact the County Office to receive a copy of the documents related to this determination.

County Executive Director

For the (County Name) FSA County Committee

Enclosure: CCC-400

--*

***--182 Reinstatements**

A

**Reinstating
Loans**

County Offices shall reinstate loans under regular terms when all of the following apply:

- CCC has not taken possession of the collateral
- borrower files a written request and satisfies COC that:
 - repayment action was not taken for reasons beyond the borrower's control
 - borrower had made a good faith effort to comply with loan terms
- the current installment plus interest is paid.

Note: When loans are reinstated, all original terms and conditions of the loan, according to the applicable CCC-186, and any other security documents, shall apply.--*

183-200 (Reserved)

***--Part 13 Selling Loan Collateral**

201 Sale Requested by Borrower

A

**County Office
Action**

Borrowers with loans not in default or called by CCC may voluntarily convey collateral to CCC by signing CCC-400.

Note: County Office shall take sale action according to paragraph 203.--*

--202 Agreement for Sale of Loan Collateral*A
Preparing
CCC-400**

County Offices shall prepare CCC-400 according to the following.

Item	Instructions
1	Enter County Office name, address, and telephone number.
2	Enter State code, county code, and loan number.
3	Enter debtors name and address.
4	Enter debtor telephone number.
A	Enter the following: <ul style="list-style-type: none"> • day, month, and year of effective date of agreement • debtor's name • principal amount of loan.
5	Witness, unrelated to the debtor, shall sign and date.
6	Debtor shall sign and date.
7	Second witness, unrelated to the debtor, shall sign and date.
8	Debtors spouse shall sign and date.
9	COC chairperson shall sign.
10A	Authorized representative of CCC shall sign.
10B	Authorized representative of CCC shall sign.

--*

Continued on the next page

*--202 Agreement for Sale of Loan Collateral (Continued)

B
Example of
CCC-400

The following is an example of a completed CCC-400.

REPRODUCE LOCALLY. Include form number and date on reproductions.		Form Approved - OMB No. 0560-0204
CCC-400 <small>(05-25-00)</small>	U.S. DEPARTMENT OF AGRICULTURE Commodity Credit Corporation	1. FSA County Office Name and Address (including ZIP Code) Yates FSA County Office 270 Lake Street Penn Yan, NY 14527 Telephone Number: (315) 536 4012
FARM STORAGE FACILITY LOAN PROGRAM AGREEMENT FOR SALE OF LOAN COLLATERAL		2. Serial Number: 36/123/2000/0001
<small>NOTE: The following statement is made in accordance with the Privacy Act of 1974 (5 USC 552a) and the Paperwork Reduction Act of 1995, as amended. The authority for requesting the following information is 7 CFR Part 1436 and the Commodity Credit Corporation Charter Act, 5 USC 714 et seq. The information will be used to determine eligibility for CCC financing for farm, storage and drying equipment. Furnishing the requested information is voluntary; however, without it CCC financing under the program cannot be provided. Failure to furnish the requested information will result in denial of CCC financing under this program. This information may be provided to other agencies, IRS, Department of Justice, or other State and Federal Law enforcement agencies, and in response to a court magistrate or administrative tribunal. The provisions of criminal and civil fraud statutes, including 18 USC 286, 287, 371, 641, 651, 1001; 15 USC 714m; and 31 USC 3729, may be applicable to the information provided.</small> <small>According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0560-0204. The time required to complete this information collection is estimated to average 15 minutes per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. RETURN THIS COMPLETED FORM TO YOUR COUNTY FSA OFFICE.</small>		
3. Debtor's Name and Address (including ZIP Code) Clark Farms Inc. 282 State Route 245 Penn Yan, NY 14527		4. Debtor's Telephone Number 315 536 7281
<p>A. THIS AGREEMENT, is made <u>15th</u> day of <u>October</u>, (Year) <u>2001</u> between <u>Clark Farms Inc.</u> (the Debtor)</p> <p>and the Commodity Credit Corporation shall remain in effect for six-months.</p> <p>The Debtor is indebted to CCC in the principal amount of <u>Twenty nine thousand and 00/100</u> <u>(\$ 29,100)</u> as evidenced by, a Promissory Note and Security Agreement (CCC-186) executed with respect to the following property (collateral): 3-15,000 bushel grain storage bins with grain spreader and motor, inside and outside ladders, perforated floor with aeration system and motor, concrete foundation; the Debtor desires that CCC take possession of and to sell this property and to apply the sales proceeds to the debt owned by the Debtor to CCC together with such other costs, expenses, and indebtedness as are described in Item F.</p> <p>B. The Debtor conveys to CCC by execution of this Agreement possession of the collateral. The Debtor agrees that expenses incurred to preserve and sell the collateral shall be added to and become a part of the Debtor's indebtedness to CCC, under the same terms and conditions of the original note executed by the Debtor.</p> <p>C. CCC may:</p> <ul style="list-style-type: none"> (1) Sell the collateral either at private sale or at public auction in the manner and at the place determined by CCC; (2) Purchase the collateral, and may execute a bill of sale, either in the name of the Debtor or in the name of CCC, for any such collateral sold at any such sale. <p>D. The Debtor agrees that any loss of, deterioration of, or accidental damage to the collateral surrendered to CCC shall be borne by the Debtor. The Debtor releases and discharges CCC from liability for any and all claims of every nature whatsoever in connection with the handling, care, and sale by CCC of the collateral.</p>		
The U.S. Department of Agriculture (USDA) prohibits discrimination in all its programs and activities on the basis of race, color, national origin, gender, religion, age, disability, political beliefs, sexual orientation, and marital or family status. (Not all prohibited bases apply to all programs.) Persons with disabilities who require alternative means for communication of program information (Braille, large print, audiotape, etc.) should contact USDA's TARGET Center at (202) 720-2600 (voice and TDD). To file a complaint of discrimination, write USDA, Director, Office of Civil Rights, Room 326-W, Whitten Building, 1400 Independence Avenue, SW, Washington, D.C. 20250-9410 or call (202) 720-5964 (voice or TDD). USDA is an equal opportunity provider and employer.		

--*

Continued on the next page

*--202 Agreement for Sale of Loan Collateral (Continued)

B
Example of
CCC-400
(Continued)

CCC-400 (05-25-00) REVERSE

E. The Debtor and CCC agree that the proceeds from the disposition of the collateral shall be applied:

- (1) First on expenses of retaking, holding, preparing for sale, selling, and for the payment of reasonable attorney's fees and legal expenses incurred by CCC,
- (2) Second to the satisfaction of indebtedness secured by the collateral,
- (3) Third to the satisfaction of subordinate security interests to the extent required by law,
- (4) Fourth to any other obligations of Debtor owing to or insured by CCC, and
- (5) Fifth to Debtor.

F. Nothing herein contained shall be construed to release the Debtor from liability for any deficiency owing to CCC after application of the proceeds of sale as provided in Item E. This agreement is a confirmation by the Borrower of the power of sale contained in the CCC-186.

G. The word "Debtor" shall include the heirs, successors, administrators, executors, assigns, agents, and principals of the Debtor.

IN WITNESS WHEREOF, the parties have caused this instrument to be executed the day and year first above written.

5. Signature of Witness	Date	6. Signature of Borrower	Date
/s/ <i>Ima Witness</i>	10/15/01	/s/ <i>Richard Clark, President</i>	10/15/01
7. Signature of Witness	Date	8. Signature of Borrower's Spouse	Date
/s/ <i>Ima Witness 2</i>	10/15/01	/s/ <i>Josephine Clark</i>	10/15/01
9. COMMODITY CREDIT CORPORATION SECURED PARTY		10A. Signature of CCC Representative	Date
		<i>Ima CCC Rep</i>	10/15/01
By <i>Ima COC Chairperson</i> (CCC Representative)		10B. Signature of CCC Representative	Date
		<i>Ima CCC Rep</i>	10/15/01

--*

***--203 Liquidating Loans Not Secured by Real Estate With Movable Collateral**

A

Action Instead of Foreclosure

When loans have been called and a liquidation letter has been issued to debtors, the collateral must be sold to liquidate the loan. A loan on movable collateral that is not secured by real estate, may be liquidated or partially liquidated under the terms of CCC-186. County Offices shall:

- obtain borrowers signature and, if required by law, spouses signature, on CCC-400 prepared according to subparagraph 202 A
 - perform a lien search
 - give written notice to junior lien holders of CCC's intention to sell the collateral.
-

B

Refusal to Authorize Sale

If the borrower refuses to sign CCC-400, the County Office shall:

- request foreclosure advice from OGC through the State Office
 - act on directions from OGC through the State Office.
-

C

Sale Methods

With State Office concurrence and, in the case of foreclosure, at OGC's direction, County Offices shall sell the collateral for the best price obtainable using the following methods:

- conduct public auction on the property where the collateral is located
 - private sale if COC determines the method is considered most advantageous to CCC
 - sealed bids.--*
-

Continued on the next page

***--203 Liquidating Loans Not Secured by Real Estate With Movable Collateral (Continued)**

D

Bill of Sale

After the sale, County Offices shall:

- complete and sign a bill of sale, according to subparagraph F
 - place the original bill of sale in the loan folder
 - provide a copy to the following:
 - borrower
 - buyer.
-

E

**Distributing
Sales Proceeds**

Sales proceeds shall be distributed in the following order:

- satisfying borrower's indebtedness to CCC, including cost of sale
- payment to junior lien holders if approved by OGC
- payment to the borrower or assignee.

Note: Establish a claim if the borrowers debt is not completely liquidated by sale of the loan collateral.--*

Continued on the next page

***--203 Liquidating Loans Not Secured by Real Estate With Movable Collateral (Continued)**

F

Preparing Bill of Sale Prepare the bill of sale according to the following.

BILL OF SALE

In consideration of (enter dollar amount received), receipt of which is hereby acknowledged, the Commodity Credit Corporation (CCC), an agency and instrumentality of the United States within the Department of Agriculture, hereby sells and delivers unto (enter name of buyer), Buyer, of (enter County where buyer located), County, State of (enter State where buyer located), all the right, title, and interest of CCC, Secured Party, and pursuant to the terms and conditions of Promissory Note and Security Agreement by and between CCC and (enter name of former borrower), Debtor, or the Agreement for Sale of CCC Loan Collateral dated (enter date of CCC-400), all the right, title, and interest of said debtor in and to the following described property:

(Describe property in detail):

To have and to hold unto said Buyer, his heirs, executors, administrators and assigns forever, in witness whereof, CCC has caused this Bill of Sale to be signed on (enter date of execution).

Commodity Credit Corporation

By (enter signature of authorized representative of CCC)

(Enter date of signature)

--*

***--204 Liquidating Loans Not Secured by Real Estate With Nonmovable or Nonsaleable Collateral**

A

**Liquidating
Actions**

When loans have been called and a liquidation letter has been issued to debtors, the collateral must be sold to liquidate the loan. However, for loans with nonmovable or nonsaleable collateral and no real estate lien, the County Office shall:

- obtain COC determination that the collateral cannot be moved or cannot be sold
 - obtain OGC advice through the State Office
 - if farm has been sold and the new landowner:
 - meets FSFL eligibility requirements, ask the new landowner to assume loan according to paragraph 167
 - does not assume the loan, ask new landowner to buy the facility by private sale from CCC
 - if the collateral cannot be sold or there is a balance remaining after a sale, establish a claim for the outstanding balance, including interest and applicable sales costs.--*
-

***--205 Liquidating Loans Secured With Real Estate Liens**

A

COC Action

When loans secured with real estate have been called and a liquidation letter has been issued to debtors, the real estate must be foreclosed upon and sold to liquidate the loan. COC shall:

- obtain OGC advice through the State Office
 - obtain an appraisal of the property with State Office approval
 - establish a fair market or resale value before sale.
-

B

**State Office
Action**

The State Office shall:

- consult with OGC on what actions to take
 - coordinate foreclosure action with advice from OGC.
-

C

Foreclosure Sale

If a foreclosure judgment is awarded by a court and a foreclosure sale is court ordered and held, the County Office shall:

- not be obligated to bid at the sale
- enter a bid only if it is considered to be in the best interest of CCC.

Note: Any bid entered by CCC shall not exceed the fair market value established by COC or the borrowers outstanding debt including interest.

D

**Distributing
Sales Proceeds**

Sales proceeds shall be distributed in the following order:

- satisfying borrower's indebtedness to CCC, including cost of sale and appraisal
- payment to junior lien holders if approved by OGC
- payment to the borrower or assignee.

Note: Establish a claim if the borrowers debt is not completely liquidated by sale of the loan collateral.--*

Continued on the next page

***--205 Liquidating Loans Secured With Real Estate Liens (Continued)**

E

If CCC Acquires Property

Under certain circumstances, it may be in CCC's best interest to bid at the foreclosure sale and acquire the real estate.

Example: If at a foreclosure sale, other bids are not equal to the fair market value or the borrower's outstanding debt.

If CCC acquires the real estate, the State Office shall:

- obtain a copy of the entire loan folder, send to PSD, and include the following information in a cover memorandum:
 - name of borrower and loan number
 - description of property
 - amount of accrued interest to date
 - resale value established by COC
 - amount of any bids received plus amount paid by CCC
 - STC recommendations for disposing of property
 - instruct the County Office to dispose of the property as authorized by PSD and OGC
 - instruct the County Office to transfer any outstanding balance to claims after disposing of the real estate.--*
-

206-225 (Reserved)

Part 14 Other Servicing Situations

226 Overdisbursements

A

Collecting Overdisbursements

County Offices shall collect overdisbursements when any of the following apply:

- an error made by CCC
- an error made by the borrower and the loan will not be called
- an error made by a third party and the borrower is not at fault.

Example: Total loan cost was \$10,000. Loan was disbursed for \$9,500 but it was later found that due to a mistake by the contractor on the final cost documentation, the correct amount was \$8,500. The overdisbursed amount must be refunded.

B

Error by CCC

If the overdisbursement was because of an error by CCC, County Offices shall:

- obtain COC determination that the error was made by CCC
- ~~issue a demand letter according to subparagraph 150 F and pursue~~ collection

Note: Modify the demand letter as applicable.

- process refund as a regular repayment, except do not charge interest, by using the disbursement date as the repayment date.
-

C

Error by Borrower or Third Party

If the overdisbursement was because of an error by the borrower or a third party, County Offices shall:

- obtain COC determination that the error was made in good faith by the borrower or third party, and is not a program violation to the extent the loan should be called
- issue a demand letter and pursue collection according to ~~subparagraph 150 F~~

Note: Modify the demand letter as applicable.

- process refund as a regular repayment with interest.
-

227 Additional Disbursements

A**Applicability**

County Offices are authorized to make additional disbursements when * * *, for loans secured by real estate, real estate taxes must be paid when both of the following apply:

- COC determines payment is necessary to protect CCC's interest
- real estate taxes that are delinquent to the extent the property is scheduled to be sold at a tax auction.

* * *

B**Issuing Payments
for Real Estate
Taxes**

For loans where additional payments are necessary to protect CCC's security interest, County Offices shall:

- issue payments according to 1-FI
 - create a receivable for the amount paid according to 67-FI
 - pursue collecting the receivable from the debtor according to 67-FI.
-

C***--Correcting--*
Underdisbursed
Loans**

For underdisbursed loans because of errors by CCC or the borrower, contact PSD for guidance on correcting a loan.

***--228 Relocating Loan Collateral**

A

Applicability

Requests by borrowers to move collateral may occur when a farm is sold and either:

- the borrower wants to move collateral to a new location
 - another producer wants to buy the facility and assume the loan.
-

B

**Destination
County Office
Action**

County Offices may approve requests to move collateral when:

- the collateral is movable and not secured by a real estate lien
- COC determines that the move will not impair CCC's security interest
- all moving expenses are paid by the borrower
- before the collateral is moved:
 - necessary changes to the note and security agreement are made according to OGC advice
 - a lien and deed search is performed
 - an amended UCC-1 describing the new location is filed at the borrower's expense
 - severance agreements are obtained as necessary.
- an on-site inspection at the new location is performed by the administrative or destination County Office.

When collateral is moved outside the county that administers the loan, the destination County Office shall assist the administrative County Office with lien and deed searches and with an on-farm inspection.

Note: Do not transfer loans from 1 County Office to another under this provision.--*

***--229 Correcting Real Estate Lien Instruments**

A

**Annotations and
Date**

When it is necessary to file and record new instruments to correct real estate security instruments previously recorded, County Offices shall:

- prepare the new instrument according to paragraph 119 and applicable State law
 - place the word 'corrective' immediately below the title on the new documents
 - use the execution date as the date of the corrective instrument.
-

B

**Inserting
Correction
Phrase**

County Offices shall insert the following phrase immediately before the signature lines of each corrective document.

“This instrument is intended to be corrective of an earlier instrument dated _____, filed or recorded in Volume _____, Page _____, as Document Number _____, and is not intended to change in any way the rights, duties, or obligations of the parties hereto as to such rights, duties or obligations as were set out in the original instrument hereto recorded, except insofar as said instrument is corrected hereby.”--*

***--230 Repairing or Replacing Loan Collateral**

A

Occurrences

Requests for repairing or replacing loan collateral may occur when:

- equipment wears out before reaching the end of its useful life
 - insured structures and equipment are damaged or destroyed by insurable causes of loss, such as wind storms and fire
-

B

**County Office
Action**

County Offices shall:

- **not** approve requests to amend existing loan security documents to replace or substitute loan collateral
 - when collateral is destroyed or damaged, and **will not be repaired**:
 - inspect facility to assess damage
 - immediately call the loan according to paragraph 180
 - apply insurance proceeds as a regular loan repayment
 - create a claim for outstanding amounts
 - when collateral is damaged and **will be repaired**:
 - inspect facility to assess damage
 - inspect facility after repairs have been completed
 - release insurance proceeds to debtor when debtor presents evidence of cost of repairs
 - advise producers that they may apply for new loans for replacement facilities and equipment.--*
-

***--231 Releasing Real Estate Security**

A

Partial Releases

Partial releases of real estate used to secure loans are authorized when:

- a request in writing is received from debtors
- COC determines that:
 - the partial release will not jeopardize CCC's security interest
 - the remaining real estate has sufficient value to secure the loan
 - the remaining real estate is a saleable unit
- the borrower pays all costs associated with the release.

Continued on the next page

231 Releasing Real Estate Security (Continued)

B

**Partial Release
Preparation and
Distribution**

County Offices shall:

- prepare partial releases according to the following unless OGC requires other language according to State law
- file the partial release with the appropriate recording official according to State law
- distribute copies of the partial release to the following:
 - secured party
 - debtor
 - loan folder.

PARTIAL RELEASE

The Commodity Credit Corporation (CCC), as owner and holder of the following described security instruments, made and executed by (enter names of debtors, of (enter County where debtor located) County, State of (enter State where debtor located), filed or recorded in the (enter name of the office where security instruments were recorded), office of (enter county where office is located), State of (enter State where office is located), to wit:

Instrument	Mortgagee	Date of Instrument	Date Filed	Document, File or Book No.	Page No.

for value received, does release from the lien of said instruments the following described property (describe property in detail).

Only the above described property is released from the lien of the aforesaid instruments. This release shall not affect or modify the obligations secured by those lien instruments, and these obligations shall continue in force and in effect until fully paid, satisfied, and discharged.

In witness whereof, CCC has signed this form on (enter date of execution).

Witness: (enter signature of person witnessing CCC signature)

For: Commodity Credit Corporation

By: (signature of authorized representative of CCC)

Title: (enter title of authorized representative of CCC)

(Attach acknowledgment applicable to State for notarization)

Continued on the next page

231 Releasing Real Estate Security (Continued)

***--C**

**Discharge of
Mortgage or
Deed of Trust**

Discharges of real estate liens used to secure loans are authorized when:

- the County Office determines that:
 - the lien has been fully satisfied by full payment of the amount due
 - 30 calendar days from the date of final payment of the loan have lapsed
- the borrower pays all costs associated with the release.--*

Continued on the next page

231 Releasing Real Estate Security (Continued)

*--D

**Discharge
Preparation and
Distribution**

County Offices shall:

- prepare discharges according to the following unless OGC requires other language according to State law
- file the discharge with the appropriate recording official according to State law
- distribute copies of the discharge to the following:
 - secured party
 - debtor
 - loan folder.

DISCHARGE					
The Commodity Credit Corporation (CCC), as owner and holder of the following described security instruments, made and executed by (enter names of debtors, of (enter County where debtor is located) County, State of (enter State where debtor is located), filed or recorded in the (enter name of the office where security instruments were recorded), office of (enter county where the office is located), State of (enter State where the office is located), satisfies and discharges said lien instruments.					
Lien Instrument	Mortgagee	Date of Instrument	Date Filed	Document, File, or Book No.	Page No.
In witness whereof, CCC has signed this form on (enter date of execution). Witness: (enter signature of person witnessing CCC signature) For: Commodity Credit Corporation By: (signature of authorized representative of CCC) Title: (enter title of authorized representative of CCC) (Attach acknowledgment applicable to State for notarization).					

--*

***--232 Discharge of Severance Agreements**

A

**Discharge of
Severance
Agreements
Authorization**

Discharges of severance agreements used to protect CCC's security interest are authorized when:

- the County Office determines that:
 - the loan has been paid in full
 - 30 calendar days from the date of final payment of the loan have lapsed
 - the borrower pays all costs associated with the discharge.
-

B

**Discharge
Preparation and
Distribution**

County Offices shall:

- prepare discharges according to the following unless OGC requires other language according to State law
 - file the discharge with the appropriate recording official according to State law--*
-

Continued on the next page

***--232 Discharge of Severance Agreements (Continued)**

**B
Discharge
Preparation and
Distribution
(Continued)**

- distribute copies of the discharge to the following:
 - secured party
 - debtor
 - loan folder.

<p style="text-align: center;">DISCHARGE OF SEVERANCE AGREEMENT</p> <p>The Commodity Credit Corporation (CCC), does hereby acknowledge and certify that the debt referred to in the severance agreement dated (enter date of severance agreement) relating to the following described real estate, (enter real estate description according to severance agreement) situated in the County of (enter County where debtor is located), State of (enter State where debtor is located), which severance agreement was filed or recorded in the (enter name of the office where severance agreement was recorded), office of (enter county where office is located), State of (enter State where office is located), in book (enter book number), page (enter page number) has been fully liquidated both as to principal and interest by payment to Commodity Credit Corporation or by cancellation of the loan application, and that the severance agreement is hereby terminated and shall be of no further force or effect.</p> <p>In witness whereof, CCC has signed this form on (enter date of execution).</p> <p>Witness: (enter signature of person witnessing CCC signature)</p> <p>For: Commodity Credit Corporation</p> <p>By: (signature of authorized representative of CCC)</p> <p>Title: (enter title of authorized representative of CCC)</p> <p>(Attach acknowledgment applicable to State for notarization).</p>

--*

Parts 15-17 (Reserved)

233-275 (Reserved)

Part 18 Requests for Relief

276 Other Situations

**A
County Office
Action**

To address special situations, County Offices shall:

- prepare a memorandum to STC containing:
 - full details of the situation
 - purpose of the request
 - COC recommendations
 - provide copies of all applicable loan documents, including COC minutes
 - forward the request to STC.
-

**B
State Office Action**

If STC concurs with the COC request, State Offices shall:

- prepare a memorandum to DAFP containing:
 - full details of the situation
 - purpose of the request
 - STC and COC recommendations
 - provide copies of all applicable loan documents.
-

**C
DAFP Action**

DAFP shall:

- approve or disapprove the request
 - notify the applicable State Office.
-

277-289 (Reserved)

Part 19 Automated CCC-185's, CCC-186's, and Disbursements**Section 1 Amortization Schedule and Fees****290 Amortization Schedule**

A

When to Use *--An automated amortization schedule may be used by County Offices for financial analysis only to provide estimated:--*

- installment amounts
 - principal plus interest for the entire FSFL period.
-

B

Where to Find Access the amortization schedule according to the following table.

Step	Action	Result
1	On Primary Selection Menu FAX250: <ul style="list-style-type: none"> • ENTER "1", "Office Automation Functions" • PRESS "Enter". 	Office Automation Functions Menu OAF010 will be displayed.
2	On Menu OAF010: <ul style="list-style-type: none"> • ENTER "11", "Amortization Schedule" • PRESS "Enter". 	Amortization Schedule Menu ODK000 will be displayed.
3	On Menu ODK000: <ul style="list-style-type: none"> • ENTER "1", "Number of Payments" • PRESS "Enter". 	Number of Payments Screen ODK15001 will be displayed. Go to subparagraph C.

Continued on the next page

290 Amortization Schedule (Continued)**C
Amortization
Screen
ODK15001**

Complete data entries on Screen ODK15001 according to the following table.

Field	Entry
“Name”	Producer or entity name
“Note Number”	FSFL number, if known, or any number the County Offices want to use for tracking purposes
“Note Amount”	Principle amount for estimate
“Installment Period”	“A” for annual
“Number of Payments”	“7”, which is the FSFL period at this time
“Interest Rate “	Interest rate to be used for estimate
“Interest Start Date”	1 day after the estimated disbursement date, for example “0709 2000”
“First Payment Date”	1 year from the estimated disbursement date, for example “0710 2001”

After all entries have been made on Screen ODK15001, PRESS “Enter”.
Amortization Schedule Screen ODK18001 will display, for the applicable FSFL,
*--the system-calculated estimated:

- installment amount
- total principal plus interest for the entire loan period.

Users shall review the results and print the schedule for financial analysis purposes only.--*

FSFL software will calculate FSFL amortization and print the Agreement Amortization Schedule when CCC-186 is printed according to paragraph 346.

291 Application Fees

A

**Collecting
Application Fees**

An FSFL application fee of \$45 shall be collected according to paragraph 19. Deposit the application fee as soon as it is collected. **No other** fees are collected for FSFL's.

B

**Program Code
for Application
Fees**

The program code for **depositing** FSFL application fees is "XXFSFLFEES", *--where "XX" represents the last 2 digits of FY in which the FSFL application is expected to be "Approved Pending Funding" by COC.

Examples: An application fee collected for FSFL that is "Approved Pending Funding" by COC between:--*

- 10-1-99 and 9-30-00 will be deposited using code "00FSFLFEES"
- 10-1-00 and 9-30-01 will be deposited using code "01FSFLFEES".

On Screen AGK01005, according to subparagraph D, step 7, users shall ENTER "N" in the "Special Data (Y or N)" field.

Note: If it is necessary at a later date to modify the deposit record, a "Y" entry in the "Special Data" field **blocks access** for modification.

C

**Retaining
Application Fee
Information**

County Offices shall record the following in the FSFL folder:

- amount of application fee paid in dollars and cents, for example "\$45.00"
 - date application fee paid and deposited
 - * * *
 - CCC-257 number, for example "0468".
-

Continued on the next page

291 Application Fees (Continued)
D
**Depositing
Application Fees**

A software system-validation requires that FSFL application fees be deposited before CCC-185 processing can begin according to paragraph 317. Deposit application fees according to this table.

Step	Action	Result
1	On Primary Selection Menu FAX250: <ul style="list-style-type: none"> ENTER “4”, “Application Processing” PRESS “Enter”. 	Office Selection Menu FAX09002 will be displayed.
2	On Menu FAX09002: <ul style="list-style-type: none"> select applicable County Office PRESS “Enter”. 	Application Selection Menu FAX07001 will be displayed.
3	On Menu FAX07001: <ul style="list-style-type: none"> ENTER “1”, “Accounting” PRESS “Enter”. 	Accounting Main Menu AAA000 will be displayed.
4	On Menu AAA000: <ul style="list-style-type: none"> ENTER “2”, “Cash Receipts” PRESS “Enter”. 	Accounting Cash Receipts Main Menu AGK000 will be displayed.
5	On Menu AGK000: <ul style="list-style-type: none"> ENTER “1”, “Enter Payment/Refund for Schedule of Deposit (CCC-257)” PRESS “Enter”. 	Program Data Entry Screen AGK01000 will be displayed.
6	On Screen AGK01000: <ul style="list-style-type: none"> enter the following: <ul style="list-style-type: none"> program code according to subparagraph B producer name, ID number, and ID type PRESS “Enter” 	Program Data Entry Screen AGK01005 will be displayed for entry of: <ul style="list-style-type: none"> principal amounts special data.
7	Complete Screen AGK01005 and CCC-257 processing according to 3-FI.	

292 Issuing Payments for Credit Reports, Lien Searches, and Recording Fees

A
Fees
Responsibilities

CCC is responsible for **paying** fees for:

- credit reports
- lien searches on collateral
- recording fees for financing statements on collateral.

The applicant shall pay all other fees according to subparagraph 14 I.

B
Program Code for
Paying Fees

The program code for **paying** fees for FSFL's is "XXFSFLRF", where "XX" equals the last 2 digits of the FY in which the fee is **paid**.

Examples:

Any fee paid between:

- 10-1-99 and 9-30-00 will be paid using code "00FSFLRF"
- 10-1-00 and 9-30-01 will be paid using code "01FSFLRF".

On Screen ANK31501, according to subparagraph C, step 6, users may enter special data for cross-referencing purposes.

Continued on the next page

C**Paying Fees**

Pay fees that CCC is responsible for according to this table and 1-FI.

Step	Action	Result
1	On Primary Selection Menu FAX250: <ul style="list-style-type: none"> ENTER “4”, “Application Processing” PRESS “Enter”. 	Office Selection Menu FAX09002 will be displayed.
2	On Menu FAX09002: <ul style="list-style-type: none"> select applicable County Office PRESS “Enter”. 	Application Selection Menu FAX07001 will be displayed.
3	On Menu FAX07001: <ul style="list-style-type: none"> ENTER “1”, “Accounting” PRESS “Enter”. 	Accounting Main Menu AAA000 will be displayed.
4	On Menu AAA000: <ul style="list-style-type: none"> ENTER “1”, “Disbursements/Check Writing” PRESS “Enter”. 	Accounting Check Writing Main Menu ANK000 will be displayed.
5	On Menu ANK000: <ul style="list-style-type: none"> ENTER “1”, “On-line Check Writing” PRESS “Enter”. 	Screen ANK31501 will be displayed.
6	On Screen ANK31501: <ul style="list-style-type: none"> enter the following: <ul style="list-style-type: none"> program code according to subparagraph B producer name, ID number, and ID type PRESS “Enter” 	Screen ANK32510 will be displayed and: <ul style="list-style-type: none"> allow for entry of: <ul style="list-style-type: none"> payment amount any information the user desires to have appear on the Transaction Statement display the message, “If data is correct press ‘Enter’”, to select printer and print CCC-184.

Section 2 Accessing Automated Functions

304 FSFL Menus and Processing Functions

A

Main Menu VCA005

This is an example of FSFL Main Menu VCA005 from which **all** FSFL automated functions are **initiated**.

*--

COMMAND	MENU: VCA005	G0
FACILITY LOANS - MAIN MENU		

1. Application/Approval Processing	6. Loan Inquiry	
2. Note and Security Agreement Processing	7. Administrative Activities	
3. Disbursement Functions	8. Loan Servicing	
*4. Notification Functions	9. Cancel Transaction	
5. Repayment Processing	10. System Control Functions	
21. Return to Application Selection Menu		
22. Return to Office Selection Menu		
23. Return to Primary Selection Menu		
24. Sign Off		
Enter the number of your selection and press the "Enter" key.		
*Option not available.		
Cmd3=Previous Menu		

--*

B

Sub-Menu VFA000

This is an example of FSFL sub-Menu VFA000 through which FSFL **re-accessing** and **recording actions** are processed.

COMMAND	VFA000	G0
FARM STORAGE FACILITY LOANS MENU		

1. Application Processing (Re-access for changes)		
2. Approval Process (Generates a completed CCC-185, Re-access)		
3. Disapprove CCC-185 Application		
4. Withdraw CCC-185 Application		
5. Delete CCC-185 Application		
Enter the number of your selection and press the "Enter" key.		
Cmd3=Previous Menu		

304 FSFL Menus and Processing Functions (Continued)**C**

Accessing FSFL Functions Access **all** FSFL processing functions according to this table.

Step	Action	Result
1	On Application Selection Menu FAX07001: <ul style="list-style-type: none"> • ENTER “13”, “Price Support” • PRESS “Enter”. 	Price Support Main Menu PCA005 will be displayed.
2	On Menu PCA005: <ul style="list-style-type: none"> • ENTER “15”, “Farm Storage Facility Loan Functions” • PRESS “Enter”. 	Facility Loans Main Menu VCA005 will be displayed.
3	On Menu VCA005: <ul style="list-style-type: none"> • enter the desired “option” according to the example in subparagraph A • PRESS “Enter”. 	Screen VCA11000 will be displayed for entry of the applicable: <ul style="list-style-type: none"> • applicant’s name, ID number, and type • FY • FSFL number.

305 Important Information for Processing FSFL's

**A
Processing
Capabilities**

After County Release No. 439 has been installed by County Offices:

- FSFL's disbursed through Accounting Checkwriting before FSFL software was available **must** be recorded through the FSFL software
 - the capability to issue FSFL disbursement checks through "Accounting" is **inhibited**
 - FSFL disbursement checks can **only** be issued through FSFL "Disbursement Functions" according to paragraph 347.
-

**B
FY's**

For Credit Reform reporting purposes, the "Fiscal Year" entered on Screen VCA11000 according to subparagraph 317 B, step 1, must be FY during which FSFL is "Approved Pending Funding" or "Disapproved" by COC.

Example: If CCC-185 is filed in FY 2000, but it cannot or will not be "Approved Pending Funding" by COC until after October 1, 2000, then the "Fiscal Year" entered on Screen VCA11000 shall be "2001".

FY used for the application number and FY in the application fee deposit code **must be** the same.

**C
FSFL Facility
Types**

These FSFL facility type numbers are allowable entries on Screen VFA10500 according to subparagraph 317 B, step 4, when entering CCC-185 data:

- "1" for **Storage Bin**
 - "2" for **Storage Crib**
 - "3" for **Upright Silo**
 - *--"3HM" for **Upright Silo for High Moisture Grain**
 - "3S" for **Upright Silo for Silage--***
 - "4" for **Flat Storage**
 - "5" for **Affixed Handling Equipment**
-

Continued on the next page

305 Important Information for Processing FSFL's (Continued)

C

**FSFL Facility
Types
(Continued)**

- “6” for **Affixed Drying Equipment**
- “7” for **Maintenance Equipment**
- “8” for **Additions/Modifications of Existing Storage**
- *--“9HM” for **Bunker-type, Horizontal, or Open Silos for High Moisture Grain**
- “9S” for **Bunker-type, Horizontal, or Open Silos for Silage.--***

PRESS “Help” on Screen VFA10500 to display this information.

306-316 (Reserved)

Section 3 Processing CCC-185's

317 Initial Entry of CCC-185 Data

A**Accessing
Application
Processing**

To process **initial** CCC-185 data entries:

- access FSFL functions according to subparagraph 304 C and:
 - ENTER “1”, “Application/Approval Processing”, on Menu VCA005
 - proceed to Screen VCA11000
 - complete processing according to subparagraphs B and C.
-

B**Data Entry**

Enter CCC-185 data according to this table.

Step	Action	Result
1	<p>On Screen VCA11000:</p> <ul style="list-style-type: none"> • enter the following: <ul style="list-style-type: none"> • applicant’s name, ID number, and type • the FY CCC-185 will be “Approved Pending Funding” or “Disapproved” by COC, see subparagraph 305 B • “N” for new system-assigned FSFL number * * * • PRESS “Enter”. 	Screen VCA12000 will be displayed.
2	<p>On Screen VCA12000:</p> <ul style="list-style-type: none"> • ENTER “Y” or “N”, as applicable, to the question, “Is this the correct producer?” • PRESS “Enter”. 	<p>If “Y” was the entry:</p> <ul style="list-style-type: none"> • Screen VFA10000 will be displayed • the following will be displayed at the top of the screen: <ul style="list-style-type: none"> • applicant’s name • FSFL number.

Continued on the next page

317 Initial Entry of CCC-185 Data (Continued)

B
Data Entry
(Continued)

Step	Action	Result
3	<p>On Screen VFA10000:</p> <ul style="list-style-type: none"> • users are required to enter the following: <ul style="list-style-type: none"> • *--requested loan amount (\$1,000,000 or over require a password) • existing capacity (0 (zero) or higher) • capacity of proposed storage structure (may be 0 (zero) due to equipment only loans)--* • date: <ul style="list-style-type: none"> • purchased or tentative purchase date • delivered to the farm • erected or installed • application fee: <ul style="list-style-type: none"> • amount, for example “45.00” • date paid • CCC-257 deposit number, for example “0468” • PRESS “Enter”. 	Screen VFA10500 will be displayed.

Continued on the next page

317 Initial Entry of CCC-185 Data (Continued)

B
Data Entry
(Continued)

Step	Action		Result
4	<p>*--On Screen VFA10500, 5 data entry lines are provided to list the applicable type codes. Enter data according to the following:</p> <p>Enter 1 of the following facility type codes, as applicable:</p> <ul style="list-style-type: none"> • “1” • “2” • “3” • “3HM” • “3S” • “4” • “9HM” • “9S”. 		Screen VFA10800 will be displayed.
	IF the facility type code entered in block 1 is...	THEN...	
	<ul style="list-style-type: none"> • an addition or modification rather than new 	ENTER “8”.	
	<ul style="list-style-type: none"> • new 	leave blank.	
	IF...	THEN...	
	<ul style="list-style-type: none"> • affixed handling equipment is included in the loan • affixed drying equipment is included in the loan • maintenance is included in the loan 	<p>ENTER “5”.</p> <p>ENTER “6”.</p> <p>ENTER “7”.--*</p>	
Enter the purpose of loan in free form and PRESS “Enter”.			

Continued on the next page

317 Initial Entry of CCC-185 Data (Continued)

B
Data Entry
(Continued)

Step	Action	Result
5	<p>On Screen VFA10800, users are required to:</p> <ul style="list-style-type: none"> • enter applicable data regarding: <ul style="list-style-type: none"> • who it is purchased from, for example “Jones Company” • who it is erected/installed by, for example “Smith Company” • who the real estate owner is, for example “James and Linda Farmer” • who the lien holder is, for example “My Mortgage Company” • what the real estate location is, for example “NE4NW4 Sec. 10-34-15” • answer the question, “Are you or any co-applicant delinquent on any federal non tax debt? (Y or N)” <p>Note: If the answer is “Y”, manually note the creditor name, account number, and amount of debt on CCC-185, page 2, remarks.</p> <ul style="list-style-type: none"> • enter date of CCC-185: <ul style="list-style-type: none"> • for first applicant, for example “06112000” • for second applicant, when applicable • PRESS “Enter”. 	Screen VFA11000 will be displayed.

Continued on the next page

317 Initial Entry of CCC-185 Data (Continued)

B
Data Entry
(Continued)

Step	Action	Result
6	<p>On Screen VFA11000:</p> <ul style="list-style-type: none"> enter the following: <ul style="list-style-type: none"> farm number *--State and county codes, if other than the Administrative County Office--* commodity acres and yield per acre answer the question, "Are there more farms to record? (Y or N)" PRESS "Enter". <p>Note: See the example in subparagraph C.</p>	<p>If the answer to more farms is:</p> <ul style="list-style-type: none"> "Y", Screen VFA11000 will be redisplayed for more entries "N", Screen VFA11500 will be displayed to display, for FSFL, the system-calculated: <ul style="list-style-type: none"> total production, for example "94,000" total-estimated production times 2 existing capacity, for example "20,000" additional capacity needed, for example "168,000".
7	<p>On Screen VFA11500:</p> <ul style="list-style-type: none"> review system-calculated data PRESS "Enter". 	<p>Screen VFA17005 will be displayed to ask the question, "Do you wish to complete this process? (Y or N)".</p>

Continued on the next page

317 Initial Entry of CCC-185 Data (Continued)

B
Data Entry
(Continued)

Step	Action	Result
8	<p>On Screen VFA17005:</p> <ul style="list-style-type: none"> ENTER “Y” or “N”, as applicable PRESS “Enter”. 	<p>If the answer is:</p> <ul style="list-style-type: none"> “N”, Screen VFA11500 will be redisplayed from which users can PRESS: <ul style="list-style-type: none"> “Cmd3” to go back to make changes “Cmd7” to end the job (data is lost) “Y”: <ul style="list-style-type: none"> completed CCC-185 will be printed on the selected printer user can reprint completed CCC-185.

C
Data Screen
VFA11000

The following is an example of data Screen VFA11000 from subparagraph B, step 6.

*--

083-BARNES				VFA11000	
Farm Storage Facility Loan Program				Version: AB95 08-02-00 13:33 Term G0	
JOHN C CALHOUN				FSFL # 2000/00006	
Enter all farm numbers associated with this application:					
<u>FARM</u> <u>NUMBER</u>	<u>ST</u> <u>CODE</u>	<u>CTY</u> <u>CODE</u>	<u>COMMODITY</u>	<u>ACRES</u> <u>n,nnn,nnn.n</u>	<u>YIELD/ACRE</u> <u>nnn.n</u>
1094			WHT	500.0	85.0
1094			CORN	300.0	130.0
927	31	478	WHT	250.0	50.0
Are there more farm numbers to record? (Y or N)					
Press “Enter” To Continue Cmd3=Previous Screen Cmd7=End of Job					

Note: “ST CODE” and “CTY CODE” are required only when a farm is located in a county other than the system county.--*

318 Re-Accessing CCC-185's to Make Changes Before Approval**A****Re-Accessing
CCC-185's**

After being processed according to paragraph 317, CCC-185:

- **can** be re-accessed and modified before approval according to subparagraph B
- **cannot** be re-accessed after approval and before funding
- **can** be re-accessed and modified after approval and funding according to paragraph 333.

B**Making Changes
Before Approval**

To **change** CCC-185 data before approval:

- re-access applicable CCC-185 according to subparagraph 304 C and:
 - ENTER "1", "Application/Approval Processing", on Menu VCA005
 - proceed to Screen VCA11000
- complete processing according to this table.

Step	Action	Result
1	On Screen VCA11000: <ul style="list-style-type: none"> • enter applicant's name, ID number and type, and FSFL number • PRESS "Enter". 	FSFL Menu VFA000 will be displayed.
2	On Menu VFA000: <ul style="list-style-type: none"> • ENTER "1", "Application Processing (Re-access for changes)" • PRESS "Enter". 	<p>The following screens will display sequentially and display data as it was last entered according to paragraph 317 and allow for changes:</p> <ul style="list-style-type: none"> • Screen VFA10000 • Screen VFA10500 • Screen VFA10800 • Screen VFA11000 • Screen VFA11500.

Continued on the next page

318 Re-Accessing CCC-185's to Make Changes Before Approval (Continued)

B
Making Changes
Before Approval
(Continued)

Step	Action	Result
3	Complete Screens VFA10000 through VFA11500, according to subparagraph 317 B, and PRESS "Enter".	Screen VFA17005 will display the question, "Do you wish to complete this process? (Y or N)."
4	Complete process according to subparagraph 317 B, step 8.	Revised CCC-185 will be printed showing applicable changes.

C
Maintaining
Records of
Changes

Attach **all** revised CCC-185's to original CCC-185 so the current version is on top.

* * *

319 Recording Actions for CCC-185's

A

Recording Actions

County Offices can process these recording actions for CCC-185's, as applicable:

- approval
 - * * *
 - disapproval
 - withdrawal
 - deletion.
-

B

Re-Access for Recording Actions

To initiate any **recording action**:

- re-access applicable CCC-185 according to subparagraph 304 C and:
 - ENTER "1", "Application/Approval Processing", on Menu VCA005
 - proceed to Screen VCA11000
 - complete:
 - **approvals** according to subparagraph C
 - **disapprovals** according to subparagraph D
 - **withdrawals** according to subparagraph E
 - **deletions** according to subparagraph F.
-

Continued on the next page

319 Recording Actions for CCC-185's (Continued)**C****Approvals**Complete CCC-185 **approval** processing according to the following table.

Step	Action	Result
1	On Screen VCA11000: <ul style="list-style-type: none"> enter applicant's name, ID number and type, and FSFL number PRESS "Enter". 	FSFL Menu VFA000 will be displayed.
2	On Menu VFA000: <ul style="list-style-type: none"> ENTER "2", "Approval Process (Generates a completed CCC-185, Re-access)" PRESS "Enter". 	Screen VFA12500 will be displayed.
3	On Screen VFA12500: <ul style="list-style-type: none"> enter the following: <ul style="list-style-type: none"> amount approved pending funding COC approval date * * * *--number of loan installments is displayed--* PRESS "Enter". 	Screen VFA13000 will be displayed.

Continued on the next page

319 Recording Actions for CCC-185's (Continued)

C
Approvals
(Continued)

Step	Action	Result
4	<p>On Screen VFA13000:</p> <ul style="list-style-type: none"> • --in detail, enter the required collateral security in--* free form on CCC-186 <p>Note: The system provides 3 lines for entry. If more space is required, do all of the following:</p> <ul style="list-style-type: none"> • provide an attachment • reference the attachment in this entry • require the borrowers to initial and date the attachment. <ul style="list-style-type: none"> • PRESS "Enter". 	Screen VFA13500 will be displayed.
5	<p>On Screen VFA13500:</p> <ul style="list-style-type: none"> • leave ranking criteria field blank <ul style="list-style-type: none"> • --enter appropriate notations in remarks, such as conditions of approval <p>Note: Three pages are provided for remarks.--*</p> <ul style="list-style-type: none"> • PRESS "Enter". 	Screen VFA17005 will display the question, "Do you wish to complete this process? (Y or N)".
6	<p>On Screen VFA17005:</p> <ul style="list-style-type: none"> • ENTER "Y" or "N", as applicable • PRESS "Enter". 	<p>If the answer is:</p> <ul style="list-style-type: none"> • "Y", CCC-185 will be printed with approval *--information in block 14, "CCC Approval"--* • "N", Screen VFA13500 will be redisplayed and will allow the user to make changes.

Continued on the next page

319 Recording Actions for CCC-185's (Continued)

D

Disapprovals

Complete CCC-185 **disapproval** processing according to the following table.

Step	Action	Result
1	On Screen VCA11000: <ul style="list-style-type: none"> enter applicant's name, ID number and type, and FSFL number PRESS "Enter". 	FSFL Menu VFA000 will be displayed.
2	On Menu VFA000: <ul style="list-style-type: none"> ENTER "3", "Disapprove CCC-185 Application" PRESS "Enter". 	Screen VFA12000 will be displayed.
3	On Screen VFA12000: <ul style="list-style-type: none"> enter the following: <ul style="list-style-type: none"> date of disapproval reason for disapproval, applicant's last name, and FSFL number in remarks PRESS "Enter". 	A "warning" will be displayed indicating no re-access when this action is completed. PRESS "Enter". Screen VFA17005 will display the question, "Do you wish to complete this process? (Y or N)".
4	On Screen VFA17005: <ul style="list-style-type: none"> ENTER "Y" or "N", as applicable PRESS "Enter". 	If the answer is: <ul style="list-style-type: none"> "Y", CCC-185 will be printed with disapproval information in block 18, "Remarks" *--"N", Screen VFA12300 will be redisplayed from which the user can PRESS: <ul style="list-style-type: none"> "Cmd3" to return to the previous screen to make changes "Cmd7" to end the job and return to Menu VCA005.--*

Continued on the next page

319 Recording Actions for CCC-185's (Continued)**E****Withdrawals**

CCC-185 may be withdrawn:

- before approval
- after obligation
- *--after CCC-186 has printed but before disbursement.--*

Complete CCC-185 **withdrawal** processing according to the following table.

Step	Action	Result
1	On Screen VCA11000: <ul style="list-style-type: none"> • enter applicant's name, ID number and type, and FSFL number • PRESS "Enter". 	FSFL Menu VFA000 will be displayed.
2	On Menu VFA000: <ul style="list-style-type: none"> • ENTER "4", "Withdraw CCC-185 Application" • PRESS "Enter". 	Screen VFA12000 will be displayed.
3	On Screen VFA12000: <ul style="list-style-type: none"> • enter the following: <ul style="list-style-type: none"> • date of withdrawal • reason for withdrawal, applicant's last name, and FSFL number in remarks • PRESS "Enter". 	<p>A "warning" will be displayed indicating no re-access when this action is completed. PRESS "Enter".</p> <p>Screen VFA17005 will display the question, "Do you wish to complete this process? (Y or N)".</p>

Continued on the next page

319 Recording Actions for CCC-185's (Continued)

E
Withdrawals
(Continued)

Step	Action	Result
4	<p>On Screen VFA17005:</p> <ul style="list-style-type: none"> • ENTER "Y" or "N", as applicable • PRESS "Enter". 	<p>If the answer is:</p> <ul style="list-style-type: none"> • "Y", CCC-185 will be printed with withdrawal information in block 18, "Remarks" • *--"N", Screen VFA12300 will be redisplayed from which the user can PRESS: <ul style="list-style-type: none"> • "Cmd3" to return to the previous screen to make changes • "Cmd7" to end the job and return to Menu VCA005.--*

Continued on the next page

319 Recording Actions for CCC-185's (Continued)

F

Deletions

CCC-185 may be deleted:

- before approval
- after obligation
- *--after CCC-186 has printed but before disbursement.--*

Complete CCC-185 **deletion** processing according to the following table.

Step	Action	Result
1	On Screen VCA11000: <ul style="list-style-type: none"> • enter applicant's name, ID number and type, and FSFL number • PRESS "Enter". 	FSFL Menu VFA000 will be displayed.
2	On Menu VFA000: <ul style="list-style-type: none"> • ENTER "5", "Delete CCC-185 Application" • PRESS "Enter". 	Screen VFA12000 will be displayed.
3	On Screen VFA12000: <ul style="list-style-type: none"> • enter the following: <ul style="list-style-type: none"> • date of deletion • reason for deletion, applicant's last name, and FSFL number in remarks • PRESS "Enter". 	<p>A "warning" will be displayed indicating no re-access when this action is completed. PRESS "Enter".</p> <p>Screen VFA17005 will display the question, "Do you wish to complete this process? (Y or N)".</p>

Continued on the next page

319 Recording Actions for CCC-185's (Continued)

F
Deletions
(Continued)

Step	Action	Result
4	<p>On Screen VFA17005:</p> <ul style="list-style-type: none"> • ENTER "Y" or "N", as applicable • PRESS "Enter". 	<p>If the answer is:</p> <ul style="list-style-type: none"> • "Y", CCC-185 will be printed with deletion information in block 18, "Remarks" • *--"N", Screen VFA12300 will be redisplayed from which the user can PRESS: <ul style="list-style-type: none"> • "Cmd3" to return to the previous screen to make changes • "Cmd7" to end the job and return to Menu VCA005.--*

320-330 (Reserved)

Section 4 Transmissions and Funding

331 Queuing FSFL Detail Transmission File

A

***--Actions for
Obligation--***

After CCC-185's have been approved according to subparagraph 319 C, FSFL Detail Transmission File "sscccVB1" that contains approved CCC-185's must be:

- queued for transmission
- uploaded to NITC for funding.

Important: CCC-186 and disbursement functions **cannot** be accessed until funding download is received by the County Office.

B

**Queuing
Transmission
File**

Queue FSFL Detail Transmission File according to this table.

Step	Action	Result
1	On Primary Selection Menu FAX250: <ul style="list-style-type: none"> • ENTER "4", "Application Processing" • PRESS "Enter". 	Office Selection Menu FAX09002 will be displayed.
2	On Menu FAX09002: <ul style="list-style-type: none"> • select applicable county • PRESS "Enter". 	Application Selection Menu FAX07001 will be displayed.
3	On Menu FAX07001: <ul style="list-style-type: none"> • ENTER "7", "Queue Files for Transmission" • PRESS "Enter". 	Que Files for Transmission Menu FMA901 will be displayed.

Continued on the next page

331 **Queuing FSFL Detail Transmission File (Continued)****B**
Queuing
Transmission
File (Continued)

Step	Action	Result
4	On Menu FMA901: <ul style="list-style-type: none"> enter either of the following: <ul style="list-style-type: none"> “1”, “Queue All Daily Transmission Files” “2”, “Accounting/Price Support/COE Menu” PRESS “Enter”. 	If: <ul style="list-style-type: none"> “1” is selected, queue process runs through to completion and FSFL Detail Transmission File is uploaded to NITC at regular transmission time immediately after Price Support “2” is selected, Menu FMA902 will be displayed to provide option: <ul style="list-style-type: none"> “1” for balancing and queuing Accounting and Price Support “2” for IRS reporting. Go to step 5.
5	On Menu FMA902: <ul style="list-style-type: none"> ENTER “1”, “Balance and Queue Accounting, Price Support/Loan Summary Data and COE Personnel/Payroll Data” PRESS “Enter”. 	Balancing and queuing processes run through to completion and FSFL Detail Transmission File is uploaded to NITC at regular transmission time immediately after Price Support.

332 Receiving Funding Download

A

--Obligation Download--

FSFL funding obligations for CCC-185's, which have been uploaded according to paragraph 331, will be returned to County Offices from NITC by a downloaded file that will be received **either**:

- through the start-of-day process
- according to this table.

Step	Action	Result
1	On Primary Selection Menu FAX250: <ul style="list-style-type: none"> • ENTER "6", "Telecommunications Functions" • PRESS "Enter". 	Telecommunications Menu FAX271 will be displayed.
2	On Menu FAX271: <ul style="list-style-type: none"> • ENTER "4", "Transmit or Receive Files and Libraries" • PRESS "Enter". 	Transmit or Receive Files and Libraries Menu FCA923 will be displayed.
3	On Menu FCA923: <ul style="list-style-type: none"> • ENTER "6", "Process Files Received During Day" • PRESS "Enter". 	<p>If present, FSFL Obligation Download Transmission File "ssVB2ccc" will:</p> <ul style="list-style-type: none"> • update FSFL obligation file • allow for processing: <ul style="list-style-type: none"> • CCC-186 • disbursement for funded CCC-185.

B

Verifying Funding

County Offices can verify that FSFL funding download has been received:

- from the Obligations Report according to paragraph 414

Note: The Obligations Report:

- lists **only** the most recently funded CCC-185's, where the most recent download overlays the previous one and is not cumulative
- must be accessed; it is not an automatically printed report.
- by being able to access FSFL functions for processing:
 - CCC-186's
 - disbursements.

333 Changing CCC-185's After Funding

A**Changes After Funding**

After being funded, CCC-185 can be re-accessed to make changes that **do not** affect eligibility or funded amount, according to paragraph 318, without having:

- COC reconsideration
- to repeat the funding process.

FSFL funded amounts are based on estimates, so when final documented expenses are:

- **less** than FSFL funded amount:
 - ~~County Offices shall~~ **decrease** FSFL amount according to ~~subparagraph 334 A~~
 - excess funds become available for national redistribution
 - **more** than FSFL funded amount:
 - COC must determine eligibility and approve pending funding for an FSFL amount **increase**
 - County Offices shall increase FSFL amount according to subparagraph 334 B.
-

334 Re-Accessing CCC-185's to Decrease or Increase Funding

A

**Funding
Decrease**

To **decrease** a funded CCC-185 amount, re-access applicable CCC-185 according to subparagraph 304 C, ENTER "1", "Application/Approval Processing", on *--Menu VCA005 and PRESS "Enter", and complete processing according to the following table.

Note: All 7 steps **must** be completed.--*

Step	Action	Result
Changes		
1	On Screen VCA11000: <ul style="list-style-type: none"> enter applicant's name, ID number and type, and FSFL number PRESS "Enter". 	FSFL Menu VFA000 will be displayed.
2	On Menu VFA000: <ul style="list-style-type: none"> ENTER "1", "Application Processing (Re-access for changes)" PRESS "Enter". 	The following screens will display according to paragraph 317 and allow data changes: <ul style="list-style-type: none"> Screen VFA10000 Screen VFA10500 Screen VFA10800 Screen VFA11000 Screen VFA11500.
3	On Screen VFA10000: <ul style="list-style-type: none"> change "Requested Loan Amount" to decreased amount PRESS "Enter". 	Screen VFA10500 will be displayed.
4	Complete Screens VFA10500 through VFA11500, according to subparagraph 317 B, and PRESS "Enter".	Screen VFA17005 will display the question, "Do you wish to complete this process? (Y or N)".
5	Complete process according to subparagraph 317 B, step 8.	Revised CCC-185 will be printed.
Approval		
6	Approve revised CCC-185 according to subparagraph 319 C. On Screen VFA12500 in subparagraph 319 C, step 3, correct "Amount Approved Pending Funding" to decreased "Requested Loan Amount". Do not change the "COC Approval Date".	Revised CCC-185 will be printed showing decreased "Requested Loan Amount" and revised approval information.
Funding		
7	Decreased amounts require no upload-download action.	CCC-186 and disbursement can be processed.

Continued on the next page

334 Re-Accessing CCC-185's to Decrease or Increase Funding (Continued)**B**

Funding Increase To **increase** a funded CCC-185 amount, re-access applicable CCC-185 according to subparagraph 304 C, ENTER "1", "Application/Approval Processing", on *--Menu VCA005 and PRESS "Enter", and complete processing according to the following table.

Note: All 7 steps **must** be completed.--*

Step	Action	Result
Changes		
1	On Screen VCA11000: <ul style="list-style-type: none"> enter applicant's name, ID number and type, and FSFL number PRESS "Enter". 	FSFL Menu VFA000 will be displayed.
2	On Menu VFA000: <ul style="list-style-type: none"> ENTER "1", "Application Processing (Re-access for changes)" PRESS "Enter". 	The following screens will display according to paragraph 317 and allow data changes: <ul style="list-style-type: none"> Screen VFA10000 Screen VFA10500 Screen VFA10800 Screen VFA11000 Screen VFA11500.
3	On Screen VFA10000: <ul style="list-style-type: none"> change "Requested Loan Amount" to total needed PRESS "Enter". 	Screen VFA10500 will be displayed.
4	Complete Screens VFA10500 through VFA11500, according to subparagraph 317 B, and PRESS "Enter".	Screen VFA17005 will display the question, "Do you wish to complete this process?"
5	Complete process according to subparagraph 317 B, step 8.	Revised CCC-185 will be printed.
Approval		
6	Approve revised CCC-185 according to subparagraph 319 C. On Screen VFA12500 in subparagraph 319 C, step 3, correct "Amount Approved Pending Funding" to new total "Requested Loan Amount". Enter the new "COC Approval Date".	Revised CCC-185 will be printed showing increased "Requested Loan Amount" and revised approval information.
Funding		
7	Increased amounts require re-queue and receipt of additional funding according to paragraphs 331 and 332.	After receipt of increased funding, CCC-186 and disbursement can be processed.

335-345 (Reserved)

Section 5 Processing CCC-186's and Disbursements

346 Processing CCC-186's

A

CCC-186's

To process CCC-186's, access FSFL functions according to subparagraph 304 C:

- ENTER "2", "Note and Security Agreement Processing", on Menu VCA005
--and PRESS "Enter"--

* * *

- complete processing according to the following table.

Step	Action	Result
1	On Screen VCA11000: <ul style="list-style-type: none"> • enter applicant's name and FSFL number • PRESS "Enter". 	Screen VFB10000 will display the following: <ul style="list-style-type: none"> • CCC-185 approval date • funded amount.
2	On Screen VFB10000: <ul style="list-style-type: none"> • users are required to: <ul style="list-style-type: none"> • enter the date FSFL will be disbursed (can be current date or up to 14 calendar days in the future) • answer the question, "Are there additional borrowers required on the CCC-186? (Y or N)" • PRESS "Enter". 	If the answer is: <ul style="list-style-type: none"> • "Y", Screen VFB10000 will allow for entry of additional borrower information • "N", Screen VFB13000 will: <ul style="list-style-type: none"> • display Summary of Payments Report • *--automatically print the FSFL Amortization Report.
3	On Screen VFB13000: <ul style="list-style-type: none"> • to print an additional copy of the FSFL Amortization Report, ENTER "Y" and PRESS "Enter" • to continue to Screen VFA17005, ENTER "N" and--* PRESS "Enter". 	Screen VFA17005 will display the question, "Do you wish to complete this process? (Y or N)".
4	On Screen VFA17005: <ul style="list-style-type: none"> • ENTER "Y" or "N", as applicable • PRESS "Enter". 	If the answer is: <ul style="list-style-type: none"> • "N", Screen VFB13000 will be redisplayed and allow for changes • "Y", completed CCC-186 is printed on the selected printer.

***--Note:** CCC-185 and CCC-186 may be withdrawn or deleted according to subparagraph 319 E or F, if applicable.--*

347 Processing Disbursements

A

Disbursements

To process disbursements, access FSFL functions according to subparagraph 304 C:

- *--ENTER “3”, “Disbursement Functions”, on Menu VCA005 and PRESS “Enter”--*

* * *

- complete processing according to the following table.

Step	Action	Result
1	On Screen VCA11000: <ul style="list-style-type: none"> • enter applicant’s name and FSFL number • PRESS “Enter”. 	Screen VFC10000 will: <ul style="list-style-type: none"> • display the following: <ul style="list-style-type: none"> • applicant’s name • FSFL number • FSFL amount • number/amount of annual installments • FSFL interest rate • first installment due date • allow for additional information entries.
2	On Screen VFC10000: <ul style="list-style-type: none"> • users are required to enter date of: <ul style="list-style-type: none"> • lien search (up to 3 different dates) • Financing Statement filing • Real Estate Mortgage filing • PRESS “Enter”. 	Screen VFA17005 will display the question, “Do you wish to complete this process? (Y or N)”.
3	On Screen VFA17005: <ul style="list-style-type: none"> • ENTER “Y” or “N”, as applicable • PRESS “Enter”. 	If the answer is: <ul style="list-style-type: none"> • “N”, Screen VFC10000 will be redisplayed and allow for changes • “Y”, Accounting Screen ABK10001 will be displayed for continuing disbursement processing. Go to subparagraph B.

***--Note:** Once a disbursement is completed, the loan **cannot** be disapproved, withdrawn, or deleted. The loan must be canceled, if applicable.--*

Continued on the next page

347 Processing Disbursements (Continued)

B

**Processing FSFL
Disbursements in
Accounting**

After Screen ABK10001 is displayed according to subparagraph A, step 3, complete disbursement processing according to 6-FI, paragraphs 225 through 227.

***--Note:** If CCC-184 is needed to pay a contractor or if a joint check is needed, entering a payee's name in the field provided on Screen ABK10001 will cause CCC-184 to print rather than a direct deposit.--*

348-360 (Reserved)

--Part 20 Automated FSFL Repayment Processing*361 Repayment Processing****A****Accessing
Repayment
Processing**

To process an FSFL repayment, access FSFL functions according to subparagraph 304 C and:

- ENTER “5”, “Repayment Processing”, on Menu VCA005
- proceed to Screen VCA11000.

B**Data Entry**

Select FSFL for repayment processing according to this table.

Step	Action	Result
1	On Screen VCA11000: <ul style="list-style-type: none"> • enter the loan FY and number • PRESS “Enter”. 	Screen VCA11500 will be displayed.
2	On Screen VCA11500: <ul style="list-style-type: none"> • select the desired producer sequence number • PRESS “Enter”. 	Screen VCA12000 will be displayed.
3	On Screen VCA12000: <ul style="list-style-type: none"> • ENTER “Y” or “N”, as applicable, to the question, “Is this the correct applicant?” • ENTER “Y” or “N”, as applicable, to the question, “Is the repayment date prior to today’s date?” • PRESS “Enter”. 	<p>If the answer to the question, “Is the repayment date prior to today’s date?”, is:</p> <ul style="list-style-type: none"> • “Y”, users will be allowed to enter a repayment received before the system date • “N”, users will be allowed to do either of the following: <ul style="list-style-type: none"> • process a repayment received on the system date • inquire about a future date repayment. <p>Screen VDA00000 will be displayed.</p>

--*

Continued on the next page

361 Repayment Processing (Continued)**C****Selecting a Repayment Option**

Screen VDA00000 displays the following options for FSFL repayment:

- Lump Sum Repayment
- Installment Repayment/Inquiry
- Loan Repayment/Inquiry.

*--Functions of these options are described in subparagraphs D, E, and F. For Lump Sum Repayment and Installment Repayment/Inquiry options, refer to the following table to determine which repayment process and processing date to use.

IF the installment repayment is received...	AND the loan was disbursed...	THEN use the following process...	AND use the following date on Screen VDA11005...
before the installment due date	on any date	option 1, "Lump Sum Repayment"	date installment was received.
on or within 15 calendar days after the due date	before installing County Release No. 482	option 1, "Lump Sum Repayment"	1 day before the due date.
	after installing County Release No. 482	option 2, "Installment Repayment/Inquiry"	installment due date.
more than 15 calendar days after the due date	on any date	option 1, "Lump Sum Repayment"	date installment was received.

Note: Regular installment repayments made more than 15 calendar days after the due date require either of the following actions:

- collecting additional interest at the time of repayment (the amount due may be calculated through option 2)
- creating a small installment principal balance that must be collected according to Notice FSFL-24.--*

Continued on the next page

361 Repayment Processing (Continued)**D****Lump Sum
Repayment**

Apply a lump sum repayment to FSFL according to this table.

Step	Action	Result
1	On Screen VDA00000: <ul style="list-style-type: none"> ENTER “1”, “Lump Sum Repayment” PRESS “Enter”. 	Screen VDA11005 will be displayed.
2	On Screen VDA11005: <ul style="list-style-type: none"> enter the “Repayment Date (mmddyyyy)” enter the “Repayment Amount” PRESS “Enter”. 	Screen VDA12000 will be displayed.
3	Screen VDA12000 will: <ul style="list-style-type: none"> display repayment information ask the question, “Do you wish to complete this Repayment? (Y or N)”. ENTER “Y” or “N”, as applicable. 	If the answer is: <ul style="list-style-type: none"> “N”, the job will terminate “Y”, then: <ul style="list-style-type: none"> repayment processing continues Screen VCA97000 will be displayed.
4	On Screen VCA97000: <ul style="list-style-type: none"> users shall enter the: <ul style="list-style-type: none"> printer ID to be used number of copies to print PRESS “Enter”. 	The FSFL Repayment Receipt will be printed. Screen VCE99910: <ul style="list-style-type: none"> will be displayed asks the question, “Do you want to reprint this form? (Y or N)”.
5	On Screen VCE99910, when the question, “Do you want to reprint this form? (Y or N)”, is answered “N”: <ul style="list-style-type: none"> processing moves to “Accounting” a CCC-257 type is selected repayment is deposited. 	Lump Sum Repayment Processing is complete.

Continued on the next page

--361 Repayment Processing (Continued)*E**

Installment Repayment and Inquiry Apply the exact installment repayment or perform an installment inquiry according to this table.

Step	Action	Result
1	On Screen VDA00000: <ul style="list-style-type: none"> • ENTER “2”, “Installment Repayment / Inquiry” • PRESS “Enter”. 	Screen VDA20005 will be displayed.
2	On Screen VDA20005: <ul style="list-style-type: none"> • enter the “Repayment Date (mmddyyyy)”, such as: <ul style="list-style-type: none"> • future date may be entered for inquiry only • current date may be entered to apply an installment repayment or inquiry • prior date may be entered to apply an installment payment • PRESS “Enter”. 	Screen VDA22000 will be displayed.

--*

Continued on the next page

--361 Repayment Processing (Continued)*E
Installment
Repayment and
Inquiry
(Continued)**

Step	Action	Result
3	<p>Screen VDA22000:</p> <ul style="list-style-type: none"> displays repayment information asks the question, “Do you wish to complete this Repayment? (Y or N)”, if the date is not a future date (inquiry only). If the question is answered: <ul style="list-style-type: none"> “N”, the process terminates “Y”, the process continues. 	<p>On Screen VDA22000, if:</p> <ul style="list-style-type: none"> a future date, inquiry information is displayed. When the user PRESSES “Enter”, the process terminates the question is answered: <ul style="list-style-type: none"> “N”, the process terminates “Y”: <ul style="list-style-type: none"> payoff is applied Screen VCA97000 will be displayed.
4	<p>On Screen VCA97000:</p> <ul style="list-style-type: none"> users shall enter the: <ul style="list-style-type: none"> printer ID to be used number of copies to print PRESS “Enter”. 	<p>The FSFL Repayment Receipt will be printed.</p> <p>Screen VCE99910:</p> <ul style="list-style-type: none"> will be displayed asks the question, “Do you want to reprint this form? (Y or N)”.
5	<p>On Screen VCE99910, when the question, “Do you want to reprint this form? (Y or N)”, is answered “N”:</p> <ul style="list-style-type: none"> processing moves to “Accounting” a CCC-257 type is selected repayment is deposited. 	<p>Loan Payoff Repayment Processing is complete.</p>

--*

Continued on the next page

--361 Repayment Processing (Continued)*F****Loan Repayment
and Inquiry**

Use this table to calculate an FSFL payoff repayment amount for:

- inquiry
- processing.

Step	Action	Result
1	On Screen VDA00000: <ul style="list-style-type: none"> • ENTER “3”, “Loan Repayment / Inquiry” • PRESS “Enter”. 	Screen VDA20005 will be displayed.
2	On Screen VDA20005: <ul style="list-style-type: none"> • enter the “Repayment Date (mmddyymm)”, such as: <ul style="list-style-type: none"> • future date may be entered for inquiry only • current date may be entered to apply a repayment or inquiry • prior date may be entered to apply a payoff • PRESS “Enter”. 	Screen VDA22000 will be displayed.

--*

Continued on the next page

361 Repayment Processing (Continued)**G****FSFL Repayment Receipt**

The system will generate an FSFL repayment receipt when a repayment is applied to FSFL. As shown in the following example, the receipt prints:

- FSFL information
- the installment number or numbers the payment satisfies
- County Office information
- CCC representative signature and date lines.

*--

U. S. Department of Agriculture Commodity Credit Corporation FSFL Repayment Receipt						
FSFL # :	2000/00001	FSFL Disbursement Date: 09/29/2000				
Beginning Principal Amount:	34,424.57	Installment Due Date: 09/29/2001				
FSFL Interest Rate:	6.1250	Installment Amount Due: 6,193.09				
Principal Balance:	26,534.33	Total Payment 8,000.00				
Name and Address of Applicant/Borrower:						
John Brown Route 4 Anywhere, ST 34567						
Installment Payment Number	Payment Date	Payment Amount	Interest Paid Through Date	Interest Paid	Principal Paid	Installment Principal Balance
001 2001	10/18/2000	4,200.12	10/18/2000	109.76	4,090.36	.00
002 2002	10/18/2000	3,799.88	10/18/2000		3,799.88	535.24
Thank you for your remittance						
Some County Office Main Street Our Town, ST 56789 phone: 123-456-7890						
CCC Representative _____				Date _____		

--*

362-390 (Reserved)

Part 21 Loan Inquiry and Administrative Activities

391 Loan Inquiry Capabilities

A

Accessing Reports

--Display information for a specific FSFL according to the following table. For a printed copy of the information, PRESS "Screen Print".--

Step	Title	Result
1	On Menu VCA005: <ul style="list-style-type: none">ENTER "6", "Loan Inquiry"PRESS "Enter".	Facility Loans - Inquiry Menu VCA700 will be displayed.
2	On Menu VCA700: <ul style="list-style-type: none">ENTER "1", "Inquire about a specific FSFL"PRESS "Enter".	Screen VCA11000 will be displayed.
3	On Screen VCA11000: <ul style="list-style-type: none">select the desired FSFL by entering the: <ul style="list-style-type: none">FYFSFL numberPRESS "Enter".	Screen VCA11500 will be displayed for producer selection.
4	On Screen VCA11500, choose the desired producer sequential number.	Screen VCA12000 will be displayed for applicant verification.
5	On Screen VCA12000, answer the question, "Is this the correct applicant? (Y or N)", and PRESS "Enter".	If the answer to the question is: <ul style="list-style-type: none">"N", another applicant can be selected"Y", loan inquiry information will be displayed.

Continued on the next page

391 Loan Inquiry Capabilities (Continued)

B

Example of
Inquiry Report

The following is an example of the Inquiry Report, which is on Screen VCA71000.
*--

XXX-County		VCA71000	
FARM FACILITY LOANS - INQUIRY		Version: AC06 12-18-00 15:04 Term EO	
APPLICANT NAME		FSFL# 2000/00004	
Applicant ID/Type	Status	Loan Amount	Interest Rate
123-45-6789 S	Disbursed	85,000.00	6.1250
Application Fee Paid		45.00	
Application Fee Date Paid		09-01-00	
257 Sch. Of Dep. Number		0124	
Installment Amount		15,291.77	
Installment Dates	01 NOV 28, 2001 PAID	02 NOV 28, 2002 DUE	
	03 NOV 28, 2003 DUE	04 NOV 28, 2004 DUE	
	05 NOV 28, 2005 DUE	06 NOV 28, 2006 DUE	
	07 NOV 28, 2007 DUE		
Press "Enter" To Continue		Cmd3=Previous Menu Cmd7=End of Job	

--*

392-410 (Reserved)

411 Administrative Capabilities

A

Activities

FSFL administrative activities allow users to:

- print blank forms
- print, backup, or restore KCMO-Maintained Interest Table
- access Administrative Main Menu VAA010 to print:
 - **Status Report** that lists the following for all CCC-185's:
 - FSFL number
 - applicant's name
 - contact producer's ID number and type
 - amount requested
 - amount approved
 - status as:
 - "APPLICATION" for entered application
 - "APPROVED" for approved application
 - "186 PRINTED" for CCC-186 printed, but loan not disbursed
 - "DISBURSED" for disbursed loan
 - "DISAPPROVED" for disapproved application
 - "WITHDRAWN" for withdrawn by applicant
 - "DELETED" for deleted by County Office
 - "CANCELLED" for cancelled disbursement
 - **Obligations Report** that lists the following for most recently **funded** CCC-185's:
 - FSFL number
 - date to county
 - date of approval
 - date of obligation
 - amount approved
 - ***--Installment Due Report** that lists the following for all or selected due dates:
 - installment due date (mmdd)
 - FSFL number
 - applicant/borrower
 - producer ID/type
 - FSFL loan amount
 - installment amount due.--*

Continued on the next page

411 Administrative Capabilities (Continued)

B

Accessing Administrative Activities

To access administrative activities, on Menu VCA005, ENTER “7”, “Administrative Activities”, and PRESS “Enter”. Administrative Main Menu VAA010 will be displayed as follows.

*--

COMMAND	VAA010	G0
FARM STORAGE FACILITY - ADMINISTRATIVE MAIN MENU		

1. Print Blank CCC-185 Application		
2. Print Blank CCC-186 Note and Security Agreement		
3. Print Blank CCC-186-1 Continuation Sheet		
*4. Reserved		
5. KCMO-Maintained Interest Table		
6. FSFL Administrative Reports Menu		
*7. Reserved		
20. Return to Application Primary Menu		
21. Return to Application Selection Menu		
22. Return to Office Selection Menu		
23. Return to Primary Selection Menu		
24. Sign Off		
Enter the number of your selection and press the “Enter” key.		
Cmd3=Previous Menu		

--*

412 Blank Forms

A

Purpose

County Offices shall maintain a supply of computer-generated blank forms for use in preparing information for data entry.

B

Printing Blank Forms

From Menu VAA010, print blank forms according to this table.

Option	Title	Result
1	Print Blank CCC-185 Application.	Screen VCE99905 will be displayed and allow users to: <ul style="list-style-type: none"> enter number of blank forms desired PRESS “Enter” to print desired forms.
2	Print Blank CCC-186 Note and Security Agreement.	
3	Print Blank CCC-186-1 Continuation Sheet.	

413 KCMO-Maintained Interest Table

A

Interest Table Capabilities Process KCMO-Maintained Interest Rate Table functions according to the following table.

Step	Title	Result
1	On Menu VAA010: <ul style="list-style-type: none"> ENTER “5”, “KCMO-Maintained Interest Table” PRESS “Enter”. 	Interest Table Menu VAA020 will be displayed.
2	* * * On Menu VAA020: <ul style="list-style-type: none"> ENTER “1”, “Print KCMO-Maintained Interest Table” PRESS “Enter”. 	Interest table will be printed.
	* * *	* * *

414 Administrative Reports**A**

Printing Reports Print Administrative Reports according to the following table.

Step	Title	Result
1	On Menu VAA010: <ul style="list-style-type: none"> ENTER “6”, “FSFL Administrative Reports Menu” PRESS “Enter”. 	Administrative Reports Menu VAA045 will be displayed.
2	On Menu VAA045: <ul style="list-style-type: none"> ENTER, as applicable: <ul style="list-style-type: none"> “1”, “Print FSFL Status Report” “2”, “Print FSFL Obligations Report” “3”, “Print FSFL Installment Due Report” PRESS “Enter”. 	The selected report will print for: <ul style="list-style-type: none"> option 1 (subparagraph B) option 2 (subparagraph C) *--option 3 (subparagraph D).

B

Example of Status Report The following is an example of the Status Report.

MISSISSIPPI LEFLORE Report ID: VAA260-R001		U.S. Department of Agriculture Farm Service Agency			Prepared: 08-07-00 As Of: 08-07-00 Page: 1	
FARM STORAGE FACILITY LOANS STATUS REPORT						
FSFL Number	Applicant/Borrower	Producer ID/Type	Loan Amount Requested	Loan Amount App	Status	
2000/00001	John C Doe	123 45 6789 S	\$100,000.00	.00	APPLICATION	
2000/00002	Carl Kelly	987 65 4321 S	\$ 43,500.00	.00	WITHDRAWN	
2000/00003	Tim Smith	334 56 7890 S	\$ 27,000.00	\$ 27,000.00	DISBURSED	
2000/00004	Clark Kent	541 68 5968 S	\$ 58,750.00	\$ 49,685.00	DISBURSED	
2000/97001	James Rice	511 98 7898 S	\$ 30,000.00	\$ 30,000.00	DISBURSED	
2000/97002	Chuck Kelly	412 65 4321 S	\$ 50,867.67	\$ 50,867.67	DISBURSED	

--*

Continued on the next page

414 Administrative Reports (Continued)

C Example of Obligations Report

The following is an example of the Obligations Report.

*--

State	U.S. Department of Agriculture			Prepared: 01-01-01	
County	Farm Service Agency			As of: 01-01-01	
Report ID: VAA270==R001 Farm Storage Facility Loans Obligations Report				Page 1	
FSFL NUMBER	DATE TO COUNTY	DATE OF APPROVAL	DATE OF OBLIGATION	AMOUNT APPROVED	STATUS
2000/00001	09-15-00	07-21-00	09-15-00	27,500.00	
2000/00007	09-15-00	08-30-00	09-15-00	50,000.00	

--*

Note: As indicated in subparagraph 332 B, the Obligations Report:

- lists **only** the most recently funded CCC-185's; it is **not** cumulative
- must be accessed to print; it is **not** automatic.

D Installment Due Report

The Installment Due Report:

- *--is a snapshot of installments due by date for any calendar year
- may be sorted according to a selected date range
- does not track status of installments, such as paid or past due.

Note: An FSFL installment notification letter is automatically printed during SOD on or about 45 calendar days before the due date. This letter shall be mailed to the contact borrower and a copy maintained in the FSFL folder. See subparagraph 150 C.--*

Continued on the next page

--414 Administrative Reports (Continued)*D****Installment Due Report
(Continued)**

If option 3, "Print FSFL Installment Due Report", is selected on Menu VAA045, Screen VAA28000 will be displayed. Users may:

- PRESS "Enter" to print the report for an entire year
- for a specific date range, select a:
 - start date
 - stop date.

This is an example of the Installment Due Report.

State		U.S. Department of Agriculture			Prepared: 01-01-01	
County		Farm Service Agency			As of: 01-01-01	
Report ID: VAA280=R001		FARM STORAGE FACILITY LOANS INSTALLMENT DUE REPORT			Page: 1	
					ST/CTY: XX-000	
INSTL DUE DT	FSFL NUMBER	APPLICANT/BORROWER	PRODUCER ID/TYPE	FSFL LOAN AMOUNT	INSTALLMENT AMT DUE	
July 15	2000/0003	I. M. Borrower	123-45-6789	35,000.00	6,352.50	
September 10	2000/0006	John Doe	223-45-6789	67,000.00	12,150.50	
November 28	2000/0002	W. R. Partner	123-45-6790	85,000.00	15,291.77	

--*

415-425 (Reserved)

Part 22 Loan Servicing, Canceling FSFL Transactions, and System Control Functions***--426 Assumption Processing in APSS**

A**General
Information**

CCC-298's will be processed outside APSS manually according to paragraph 167.
CCC-298 must be:

- signed by all required:
 - borrowers
 - co-borrowers
 - buyers
 - co-buyers
- approved by COC or STC.

APSS must be updated to reflect an assumption. The following system validations are in place for assumptions:

- **no** corrections or cancellations are permitted on the original FSFL after assumption data is entered in APSS
- no FSFL may be assumed after the final installment due date
- no FSFL may be assumed that has been paid to zero.

CCC-298's:

- maintain the original:
 - FSFL number
 - interest rate
 - installment due date
 - installment amount
 - maturity date
- may only be processed on disbursed FSFL's
- remove 1 or more original borrowers and co-borrowers
- add 1 or more new buyers and co-buyers.--*

Continued on the next page

*--426 Assumption Processing in APSS (Continued)

A**General
Information
(Continued)**

Collect and deposit the application fee according to paragraphs 19 and 167. The FY in the deposit code shall be the **same as the original** loan application fee.

- Example:**
- The original FSFL FY and number is “2000/00010”.
 - CCC-298 is requested on November 30, 2001.
 - The \$45 application fee is paid on November 30, 2001.
 - The \$45 application fee:
 - is paid and deposited on November 30, 2001
 - deposit code is “00FSFLFEES”.

Interest due on FSFL from the date of disbursement or date of last payment, as applicable, to the effective date of the assumption may be paid either by the original borrower or by the buyer. CCC-298, item 11 C relates to “unpaid interest to be assumed”.

IF the interest due is to be...	THEN...
paid by the original borrower	<ul style="list-style-type: none"> • calculate the interest due according to subparagraph 361 E • apply the interest repayment before processing the assumption <p>Note: This repayment:</p> <ul style="list-style-type: none"> • may be interest only with no principal repaid • must be applied before data loading the assumption to credit the interest payment amount to the original borrower’s ID number. <ul style="list-style-type: none"> • on CCC-298, item 11 C, ENTER “0.00” to indicate the buyer is not assuming unpaid interest.
assumed by the buyer	<ul style="list-style-type: none"> • calculate the interest due according to subparagraph 361 E • complete CCC-298, item 11 C, by entering the calculated interest due to indicate the buyer is assuming unpaid interest. <p>Note: This “unpaid interest to be assumed” must be entered on CCC-298 before buyers and co-buyers sign CCC-298 and the assumption is approved. When the next repayment is applied to FSFL, interest will be calculated from the date of disbursement or date of last payment, as applicable. This assumed interest is not collected at the time of the assumption.</p>

--*

Continued on the next page

--426 Assumption Processing in APSS (Continued)*B****Accessing the Assumption Process**

To process an “approved” CCC-298 in APSS, access FSFL functions according to subparagraph 304 C. On Menu **VCA005**, ENTER “8”, “**Loan Servicing**”.

C**Data Entry**

Enter assumption data according to this table.

Step	Action	Result
1	On Menu VVA000: <ul style="list-style-type: none"> ENTER “1”, “Assumption Agreement Processing” PRESS “Enter”. 	Screen VCA11000 will be displayed.
2	On Screen VCA11000: <ul style="list-style-type: none"> enter the following: <ul style="list-style-type: none"> FY of original FSFL FSFL number of original FSFL PRESS “Enter”. 	Screen VCA11500 will be displayed.
3	On Screen VCA11500, the user shall: <ul style="list-style-type: none"> select the contact producer PRESS “Enter”. 	Screen VCA12000 will be displayed.
4	Screen VCA12000 displays the question, “Is this the correct applicant? (Y or N)”. Answer the question and PRESS “Enter”.	If the question is answered: <ul style="list-style-type: none"> “Y”, Screen VVA10000 will be displayed “N”, Screen VCA11000 will be redisplayed. Return to step 2.

--*

Continued on the next page

*--426 Assumption Processing in APSS (Continued)

C
Data Entry
(Continued)

Step	Action	Result
5	<p>Screen VVA10000:</p> <ul style="list-style-type: none"> displays the following: <ul style="list-style-type: none"> contact borrower name FY and FSFL number FSFL interest rate original loan amount original disbursement date current principal balance (assumption amount) requires user entry of the following: <ul style="list-style-type: none"> assumption: <ul style="list-style-type: none"> application date (date the buyer signed CCC-298) effective date (CCC-298, item 11 A) application fee: <ul style="list-style-type: none"> amount date paid CCC-257 deposit number. <p>PRESS "Enter".</p>	Screen VVA11000 will be displayed.
6	<p>Screen VVA11000:</p> <ul style="list-style-type: none"> displays the original: <ul style="list-style-type: none"> contact borrower name FY and FSFL number original disbursement date original loan amount original borrowers who signed CCC-186 allows users to select 1 or more borrowers to delete. <p>Note: A borrower must be deleted to continue. Users may delete and add a borrower in the same transaction.</p> <p>PRESS "Enter".</p>	Screen VVA12000 will be displayed.

--*

Continued on the next page

*--426 Assumption Processing in APSS (Continued)

C
Data Entry
(Continued)

Step	Action	Result
7	Screen VVA12000 displays: <ul style="list-style-type: none"> • borrowers selected for deletion • the question, “Do you wish to “remove” these borrowers? (Y or N)”. 	If the question is answered: <ul style="list-style-type: none"> • “Y” and: <ul style="list-style-type: none"> • all borrowers are removed, Screen VVA14000 will be displayed; go to step 8 • not all borrowers are removed, Screen VVA13000 will be displayed; go to step 9 • “N”, Screen VVA11000 will be redisplayed. Return to step 6.
8	Screen VVA14000: <ul style="list-style-type: none"> • requires user entry of additional borrowers • displays the question, “Are there additional borrowers?”. 	If the question is answered: <ul style="list-style-type: none"> • “Y”, Screen VVA14000 will be redisplayed; repeat this step • “N”, Screen VVA15000 will be displayed. Go to step 10.
9	Screen VVA13000 displays the following: <ul style="list-style-type: none"> • the message, “Borrowers Not Deleted” • the question, “Do you wish to “add” borrowers to this Assumption? (Y or N)”. 	If the question is answered: <ul style="list-style-type: none"> • “Y”, Screen VVA14000 will be redisplayed; return to step 8 • “N”, Screen VVA15000 will be displayed.
10	Screen VVA15000: <ul style="list-style-type: none"> • displays the following: <ul style="list-style-type: none"> • original contact • FY and FSFL number • loan maturity date • assumed loan amount • assumption effective date • new borrowers • allows the user to indicate the following with “X”: <ul style="list-style-type: none"> • the “contact” borrower • that the borrower is the spouse of another borrower • displays the question, “Do you wish to complete this Assumption? (Y or N)”. 	If the question is answered: <ul style="list-style-type: none"> • “Y”: <ul style="list-style-type: none"> • the assumption will be updated • Screen VCA97000 will be displayed • “N”: <ul style="list-style-type: none"> • the assumption will not update • Screen VCA11000 will be redisplayed. Return to step 2.

--*

426 Assumption Processing in APSS (Continued)

C
Data Entry
(Continued)

Step	Action	Result
11	Screen VCA97000: <ul style="list-style-type: none"> displays the following: <ul style="list-style-type: none"> borrower name FY and FSFL number requires user entry of the following to print Report VVA160-R001: <ul style="list-style-type: none"> printer ID number of copies. 	Report VVA160-R001 lists the following assumption information: <ul style="list-style-type: none"> FSFL number loan maturity date assumed loan amount assumption effective date borrower information. File Report VVA160-R001 in the loan folder.

D
Re-Entering
Assumption Data

Once an assumption has been updated in the system, if an error is discovered in the borrowers removed and/or added, there is **no correction process other than to re-enter the assumption.**

To prevent update problems on the CORE system in Kansas City, **do not re-enter** an assumption until at least **5 workdays after** the erroneous entry.

To correct data because of an office error, no new fee will be collected. Use the original fee information for re-entry.

*--427 Loan Servicing Reports

A

Accessing Loan Servicing Reports

Access loan servicing reports according to the following:

- on Price Support Main Menu **PCA005**:
 - ENTER “15”, “Farm Storage Facility Loan Functions”
 - PRESS “Enter”
 - on Facility Loan Main Menu **VCA005**:
 - ENTER “8”, “Loan Servicing”
 - PRESS “Enter”.
-

B

Loan Servicing Date Report

The Loan Servicing Date Report provides the following for a specific loan:

- business rule for collection activity
- 1-FSFL paragraph reference for each rule
- date by which each action shall be taken.

On Farm Storage Facility Loans Menu **VVA000**:

- ENTER “2”, “FSFL Servicing Date Report”
- PRESS “Enter”.

The report will be displayed and the user may either:

- PRESS “Enter” to print
- PRESS “Cmd7” to exit without printing.

The report is a **tool only** and may be accessed anytime after a loan is disbursed until the loan is repaid to zero. The action dates are based on the business rule and do not have a year designation, only month and date. These dates are the same throughout the loan.

APSS has been enhanced to system-generate an Installment Due Reminder Letter for loans with installments due approximately 45 calendar days before the installment due date. The letter will be generated when all or a part of an installment is due.--*

Continued on the next page

***--427 Loan Servicing Reports (Continued)**

C**FSFL Report of
Installment Due
Status**

The FSFL Report of Installment Due Status provides a list of all loan installments:

- **due** within 45 calendar days
- 1 to 30 days delinquent
- 31 to 60 days delinquent
- 61 to 90 days delinquent
- 91+ days delinquent.

On Menu **VVA000**:

- ENTER “3”, “FSFL Report of Installment Due Status”
- PRESS “Enter”.

Note: The report will print. There is no display for this report.

D**FSFL
Amortization
Report**

On Menu **VVA000**:

- ENTER “4”, “FSFL Amortization Report”
- PRESS “Enter”.

Note: The report will print. There is no display for this report.

The FSFL Amortization Report prints during the CCC-186 Note and Security Agreement process which has been the only opportunity to print the loan amortization table. Option 4 has been developed to allow the user to print another copy of the original FSFL Amortization Report any time during the period after the loan is disbursed until it is paid to zero.--*

428-439 (Reserved)

440 Canceling FSFL Transactions**A****Disbursement
Cancellation**

Access and complete FSFL disbursement cancellations according to this table.

Step	Action	Result
1	On Application Selection Menu FAX07001: <ul style="list-style-type: none"> ENTER “13”, “Price Support” PRESS “Enter”. 	Price Support Main Menu PCA005 will be displayed.
2	On Menu PCA005: <ul style="list-style-type: none"> ENTER “15”, “Farm Storage Facility Loan Functions” PRESS “Enter”. 	Facility Loans Main Menu VCA005 will be displayed.
3	On Menu VCA005: <ul style="list-style-type: none"> ENTER “9”, “Cancel Transaction” PRESS “Enter”. 	Screen VCA11000 will be displayed.
4	On Screen VCA11000: <ul style="list-style-type: none"> enter applicant’s name, ID number and type, and FSFL number PRESS “Enter”. 	Screen VGA00005 will display all transactions for the selected FSFL.
5	On Screen VGA00005, ENTER “Y” next to the transaction to be reversed.	“Warning” will be displayed. PRESS “Enter”.
6	If the listed transaction is correct, PRESS “Enter”.	Screen ANK52010 will display the question, “Is the check to be canceled available? (Y or N)”.
7	On Screen ANK52010: <ul style="list-style-type: none"> ENTER “Y” or “N”, as applicable PRESS “Enter”. 	<p>If the answer is:</p> <ul style="list-style-type: none"> “Y”, the cancellation process completes “N”, the cancellation process completes and a receivable is established for the disbursement amount. <p>The canceled FSFL is no longer accessible through FSFL software.</p>

Continued on the next page

440 Canceling FSFL Transactions (Continued)**B****Repayment
Cancellation**

Access and complete FSFL repayment cancellations according to this table.

Step	Action	Result
1	On Application Selection Menu FAX07001: <ul style="list-style-type: none"> ENTER "13", "Price Support" PRESS "Enter". 	Price Support Main Menu PCA005 will be displayed.
2	On Menu PCA005: <ul style="list-style-type: none"> ENTER "15", "Farm Storage Facility Loan Functions" PRESS "Enter". 	Facility Loans Main Menu VCA005 will be displayed.
3	On Menu VCA005: <ul style="list-style-type: none"> ENTER "9", "Cancel Transaction" PRESS "Enter". 	Screen VCA11000 will be displayed.
4	On Screen VCA11000: <ul style="list-style-type: none"> enter applicant's name, ID number and type, and FSFL number PRESS "Enter". 	Screen VGA00005 will display all transactions for the selected FSFL.
5	On Screen VGA00005, ENTER "Y" next to the transaction to be reversed.	The correction posting check-off list will be printed.
6	If the listed transaction is correct, PRESS "Enter".	The repayment is reversed.

441 System Control Functions

A

System Controls County Offices will receive instructions when to use system control functions to process:

- full file uploads of FSFL data to NITC in a “VB1” file
 - KCMO/SUAB instructed file save of FSFL data.
-

B

Processing System Control Functions Access and process system control functions according to this table.

Step	Action	Result
1	On Application Selection Menu FAX07001: <ul style="list-style-type: none"> • ENTER “13”, “Price Support” • PRESS “Enter”. 	Price Support Main Menu PCA005 will be displayed.
2	On Menu PCA005: <ul style="list-style-type: none"> • ENTER “15”, “Farm Storage Facility Loan Functions” • PRESS “Enter”. 	Facility Loans Main Menu VCA005 will be displayed.
3	On Menu VCA005: <ul style="list-style-type: none"> • ENTER “10”, “System Control Functions” • PRESS “Enter”. 	System Control Main Menu VBA000 will be displayed.
4	On Menu VBA000, as applicable: <ul style="list-style-type: none"> • enter either of the following: <ul style="list-style-type: none"> • “1”, “Schedule Full File Upload of Facility Loan Data (VB1)” • “2”, “KCMO/SUAB Instructed File Save of Facility Loan Data” • PRESS “Enter” to complete the process according to screen displayed instructions. 	

Reports, Forms, Abbreviations, and Redelegations of Authority

Reports None

Forms This table lists all forms referenced in this handbook.

Number	Title	Display Reference	Reference
AD-1026A	Supplemental to AD-1026 (Continuation)		11
CCC-10	Representations for Commodity Credit Corporation or Farm Service Agency Loans and Authorization to File a Financing Statement and Related Documents	49	49
CCC-184	CCC Check		46, 172, 292, 347
CCC-185	Loan Application and Approval for Farm Storage and Drying Equipment Loan Program	42, 102	Text
CCC-186	Promissory Note and Security Agreement	136	Text
CCC-186-1	Farm Storage Facility Loan Program CCC-186-1 Continuation Sheet		137, 411, 412
CCC-190	Farm Storage Facility Loan Program Lien Waiver		43, 47
CCC-191	Farm Storage Facility Loan Program Release of Liability	121	117, 121
CCC-193	Real Estate for Farm Storage Facility Loan Program		119
CCC-194	Farm Storage Facility Loan Program Subordination Agreement (Lien on Real Property)		119
CCC-195	Farm Storage Facility Loan (FSFL) Processing Checklist		43
CCC-257	Schedule of Deposit		291, 317, 361, 426
CCC-295A	Farm Storage Facility Loan Program Final Inspection of Facility Before Loan Disbursement	122	122

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Reports, Forms, Abbreviations, and Delegations of Authority (Continued)

**Forms
(Continued)**

Number	Title	Display Reference	Reference
CCC-295B	Farm Storage Facility Loan Program Annual Inspection Record		122, 152
CCC-296	Farm Storage Facility Loan Program Certification of Attorney	117	115
CCC-297	Severance Agreement		43, 115, 117, 118
CCC-298	Farm Storage Facility Loan Program Assumption Agreement	167	167, 426
CCC-299	Title Opinion - Farm Storage Facility Loan Program	117	115
CCC-400	Farm Storage Facility Loan Program Agreement for Sale of Loan Collateral	202	172, 181, 201, 203
CCC-502	Farm Operating Plan for Payment Eligibility Review		11, 15
FEMA 81-93	Standard Flood Hazard Determination		43, 58
FSA-431-2	Farm and Home Plan		44
FSA-440-13	Report of Lien Search		47
FSA-440-32	Verification of Debts and Assets		44
FSA-850	Environmental Evaluation Checklist		43, 70-73, 75
FSA-851	Environmental Risk Survey Form		75
UCC-1	National Financing Statement		228

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Reports, Forms, Abbreviations, and Redelegations of Authority (Continued)

Abbreviations Not Listed in 1-CM

The following abbreviations are not listed in 1-CM.

Approved Abbreviation	Term	Reference
CBRA	Coastal Barrier Resource Act	72
CBRS	Coastal Barrier Resource System	72
DCIA	Debt Collection Improvement Act	11, 42, 43, 46
FSFLP	Farm Storage Facility Loan Program	Text, Ex. 2
NEPA	National Environmental Policy Act	70
SEC	State Environmental Coordinator	70-73, 75
SOD	Start-of-Day	150

Redelegations of Authority

This table lists the redelegations of authority in this handbook.

Redelegation	Reference
CED may be delegated authority by COC to sign all forms or documents, except CCC-185. Federal and non-Federal County Office employees, except those applications in which the person approving has a monetary interest, may be delegated authority by CED. See paragraph 2 for exceptions.	2

Definitions of Terms Used in This Handbook

Aggregate Outstanding Balance	<u>Aggregate outstanding balance</u> means the sum of the outstanding balances of all FSFLP loans disbursed to each borrower signing CCC-186.
Assumption	<u>Assumption</u> means the act or agreement by which 1 borrower takes over or assumes the mortgage debt of another borrower.
Collateral	<u>Collateral</u> means the storage structure, drying equipment, or handling equipment securing the loan.
Commercial Purpose	<u>Commercial purpose</u> is defined as the storage and handling of grain, whether paid or unpaid, for persons other than the loan applicant, except for family members and tenants or landlords sharing in the crop requiring storage. Any facility that is in working proximity to any commercial storage operation shall be considered to be part of a commercial storage operation.
Compromise	<u>Compromise</u> means CCC's consideration of the borrower's offer to settle a loan by lump sum repayment or rescheduling a loan for an amount that may be less than the sum of the outstanding principal plus interest.
Crop of Economic Significance	<u>Crop of economic significance</u> means any insurable facility loan commodity that contributes 10 percent or more of the total expected value of all crops grown by the loan applicant except if the expected liability under the catastrophic level of crop insurance for a crop is equal to or less than the administrative fee for the crop, that crop shall not be economically significant.
Direct Impact	A <u>direct impact</u> is an impact caused by the action and that occurs at the same time and place.
Facility Loan *--Commodity	<u>Facility loan commodity</u> means wheat, rice, raw or refined sugar, soybeans, sunflower seed, canola, rapeseed, safflower, flaxseed, mustard seed, or other oilseeds as determined and announced by CCC, dry peas, lentils, small chickpeas, harvested as whole grain and including peanuts, except that corn, grain--* sorghum, oats, wheat, or barley shall be included whether harvested as whole grain or other than whole grain.
Financing Statement	A <u>financing statement</u> is a document that gives legal notice of a lien on chattel property when properly filed or recorded.

Continued on the next page

Definitions of Terms Used in This Handbook (Continued)

Flood Plains

Flood plains are lowland and relatively flat areas adjoining inland and coastal waters, including flood-prone areas of offshore islands. At a minimum, flood plains consist of those areas subject to a 1 percent or greater chance of flooding in any given year. The term flood plain will be taken to mean the base flood plain, unless the action involves a critical action, in which case the critical action flood plain is the minimum flood plain of concern.

- Base flood plain (or 100-year flood plain) is the area subject to inundation from a flood of a magnitude that occurs once every 100 years on the average, the flood having a 1 percent chance of being equaled or exceeded in any given year.
 - Critical action flood plain (or 500-year flood plain) is the area subject to inundation from a flood of a magnitude that occurs once every 500 years on the average, the flood having a 0.2-percent chance of being equaled or exceeded in any given year.
-

Indirect Impacts

Indirect impacts are those reasonably foreseeable environmental impacts that result from the additional facility, residential, commercial, or industrial development or growth that a Federally financed project may cause, induce, or accommodate. Consequently, indirect impacts often occur later in time than the construction of the Federal project and can be removed in distance from the construction site. Those indirect impacts that deserve the greatest consideration include the following:

- changes in the patterns of land use
 - population density or growth rate
 - corresponding changes to air and water quality and other natural systems.
-

Mediation

Mediation means CCC's consideration of the borrower's offer because of either of the following:

- mediation carried out through loan mediation to settle the loan by lump sum repayment
 - rescheduling a loan for an amount that CCC regards as being reasonable compared with other offers that other creditors have accepted considering the priority of security interest that all creditors have held.
-

Continued on the next page

Definitions of Terms Used in This Handbook (Continued)

Mitigation Measures

Mitigation measures are measures included in a project or application for the purpose of avoiding, minimizing, reducing, or rectifying identified, adverse environmental impacts. Examples of these measures include the following:

- the deletion, relocation, redesign, or other modification of the project's elements
 - the dedication to open space of environmentally sensitive areas of the project site, which would otherwise be adversely affected by the action or its indirect impacts
 - soil erosion and sedimentation plans to control runoff during land-disturbing activities
 - the establishment of vegetative buffer zones between project sites and adjacent land uses
 - protective measures recommended by environmental and conservation agencies having jurisdiction or special expertise regarding the project's impacts
 - storm water management plans to control potential downstream flooding effects that would result from a project
 - zoning
 - reusing existing facilities as opposed to new construction.
-

No-Action Alternative

A no-action alternative is the alternative of not approving an application for financial assistance.

Nonmovable or Nonsalable Collateral

Nonmovable or nonsalable collateral means either of the following:

- collateral COC determines cannot be sold and moved to a new location because of the type of construction
 - collateral that has deteriorated to the point that it has no sale recovery value.
-

Continued on the next page

Definitions of Terms Used in This Handbook (Continued)

***--Person**

Person means any individual, group of individuals, partnership, corporation, estate, trust, association, cooperative, tribal venture, or other business enterprise, or other legal entity who is, or whose members are, a citizen or citizens of the United States, or a legal resident alien.--*

Practicable Alternative

A practicable alternative is an alternative that is capable of attainment within the confines of relevant constraints. The test of practicability, therefore, depends upon the particulars of the situation under consideration and those constraints imposed by environmental, economic, legal, social, and technological parameters. This test, however, is not limited by the temporary unavailability of sufficient financial resources to implement an alternative. That is, alternatives cannot be rejected solely on the basis of moderately increased costs. The range of alternatives that must be analyzed to determine whether a practicable alternative exists includes the following categories of alternatives:

- alternative project sites or designs
 - alternative projects with similar benefits as the proposed action
 - the no-action alternative.
-

Preparer of Environmental Review Documents

The preparer of environmental review documents is the FSA official who is responsible for:

- reviewing the potential environmental impacts of the proposed action
 - completing the appropriate level of environmental review.
-

Satisfactory Credit History

Satisfactory credit history means a history of repaying debts as they came due unless the failure to repay or tardiness in payment was because of circumstances beyond the applicant's control as determined by CCC upon proof submitted by the applicant.

Uniform Commercial Code

Uniform commercial code means the system of laws adopted in all States about commercial transactions, such as sales, negotiable instruments, and secured transactions.

Menu and Screen Index

The following menus and screens are displayed in this handbook.

Menu or Screen	Title	Reference
VAA010	Farm Storage Facility - Administrative Main Menu	411
VCA005	Facility Loans - Main Menu	304
VCA71000	Farm Facility Loans - Inquiry Screen	391
VFA000	Farm Storage Facility Loans Menu	304
VFA11000	Farm Storage Facility Loan Program Data Screen	317
